SHOWA DENKO K.K.

Consolidated Financial Statements

For the first quarter ended March 31, 2015

Ⅰ. Consolidated Financial Results

(1) Results of operations:

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

	Results for the first quarter (Jan.1–Mar.31)			
	2014	2015	Increase (Decrease)	2015
	¥	¥	%	$
Net sales	209,634	193,171	(7.9)	1,607,478
Operating income	7,582	3,853	(49.2)	32,064
Ordinary income	6,585	2,754	(58.2)	22,920
Net income	945	(7,526)	—	(62,629)
Net income per share: Basic	0.63	(5.27)	—	(0.04)
Net income per share: Diluted	—	—	—	—

Notes
Important changes in accounting policies : applicable
Comprehensive income :
Results for the year ended March 31,2015 ¥−5,169million
Results for the year ended March 31,2014 ¥−3,913million

(2) Financial position:

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

	Dec. 31, 2014	Mar.31, 2015	Mar.31, 2015
	¥	¥	$
Total assets	1,011,083	976,014	8,121,941
Total equity	320,504	314,169	2,614,375
	%	%	%
Stockholders' equity ratio	29.7	30.8	30.8

(3) Dividends:

	2014	2015 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, 2015

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

	1st half		fiscal year	
	¥	$	¥	$
Net sales	403,000	3,353,582	900,000	7,489,390
Operating income	13,000	108,180	40,000	332,862
Ordinary income	11,000	91,537	34,500	287,093
Net income	(2,000)	(16,643)	15,000	124,823
Net income per share	(1.40)	(0.01)	10.50	0.09

*The above forecast was announced on May 8, 2015.
The above forecast is based on the information available at this point of time. Actual results may differ materially due to a variety of reasons, including such economic factors as fluctuations in foreign currency exchange rates as well as market supply and demand conditions.

Note
The U.S. dollar is valued at ¥120.17 throughout this statement for convenience only.

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

(1) Summary

During the first quarter of 2015 (January 1 – March 31), the Japanese economy on the whole kept fundamental direction toward gradual recovery, due partly to steady consumer spending, even though there was partial sluggishness, backed by improvement in the employment situation, and the improvement in corporate earnings resulting from a weak yen and sluggish materials markets. As for overseas economies, the US economy recovered steadily, and the European economy showed indication of recovery despite of continued stagnant mood. The Chinese economy showed clear sign of slowdown, though its growth rate kept relatively high level. The growth in economies of resource-producing countries including Russia and Brazil slowed down due to falls in crude-oil prices.

In the petrochemical industry, operating rates at domestic plants continued at high levels, the effects of the large drop in prices of crude-oil peaked off, resulting in recovery of markets for petrochemical products including olefins. The electronic parts/materials industry remained firm, due mainly to high level overseas production of semiconductors.

Under these circumstances, the Showa Denko Group has been executing “PEGASUS Phase II” business plan for the 2014-2015 period as the latter part of the five-year consolidated business 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 “Wings.” At the same time, in order to further enhance our earning power, 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. In 2015, which is the final year of the PEGASUS, the Showa Denko Group will steadily promote these measures and get results.

The Group recorded consolidated net sales of ¥193,171 million in the first quarter of 2015, down 7.9% from the same period of the previous year. While sales in the Chemicals and Aluminum segments increased, sales in the Petrochemicals segment decreased due to the sharp drop in naphtha price. Sales in the Electronics, Inorganics and Others segments also decreased. Operating income decreased 49.2%, to ¥3,853 million. While the Chemicals and Inorganics segments recorded higher income, the Petrochemicals segment recorded lower income due to the influence of the sharp drop in naphtha price, and the Electronics segment recorded lower income due to lower shipment volumes of HD media. The Aluminum and Others segments also recorded lower income. The Group recorded ordinary income of ¥2,754 million, down 58.2%. The Group posted a net loss of ¥7,526 million in the first quarter of 2015, down ¥8,471 million from the same period of the previous year, due to the increase in extraordinary loss resulting from posting of provision of allowance for doubtful accounts concerning Shoko Co., Ltd.’s business in China.

(Unit: millions of yen)

	1Q 2014	1Q 2015	Increase/decrease
Sales	209,634	193,171	-16,463
Operating income	7,582	3,853	-3,729
Ordinary income	6,585	2,754	-3,831
Net income	945	-7,526	-8,471

(2) A breakdown of net sales and operating income by segment (January 1 – March 31, 2015)

[Petrochemicals segment]
The Petrochemicals segment’s sales decreased 8.0%, to ¥57,119 million. Production of ethylene and propylene increased from the same period of the previous year, reflecting an increase in the operating rate of our ethylene plant in order to respond to the lively demand for olefins in East Asia,

in addition to the recovery from the influence of the once-in-four -year periodic shutdown maintenance held in 2014. For these reasons, shipment volumes of olefins increased. However, sales of olefins decreased due to the weak market reflecting the sharp drop in naphtha price. Sales of organic chemicals were up due to higher shipment volumes of vinyl acetate and ethyl acetate. The segment recorded operating loss of ¥1,745 million, down ¥1,680 million, due mainly to the impact of the sharp drop in naphtha price.

(Unit: millions of yen)

	1Q 2014	1Q 2015	Increase/decrease
Sales	62,056	57,119	-4,937
Operating income	-65	-1,745	-1,680

[Chemicals segment]
The Chemicals segment's sales increased 4.0%, to ¥34,753 million. Though production of liquefied ammonia decreased, production of semiconductor-processing high-purity gases increased from the same period of the previous year. Sales of chloroprene rubber increased due to higher shipment volumes to the United States, while sales of liquefied ammonia decreased due to lower shipment volumes. Sales of acrylonitrile decreased following the fall in market prices. As a result, overall sales of basic chemicals decreased. Sales of functional chemicals were up due to consolidation of Shanghai Showa Highpolymer Co., Ltd., despite of reduction in domestic shipment volumes. Sales of industrial gases were maintained at the level of the same period of the previous year. Sales of electronic chemicals increased due to a major increase in shipment volumes of semiconductor-processing high-purity gases reflecting a boost in production of semiconductors and small LCDs in East Asia. Operating income of the segment rose 116.7%, to ¥2,142 million.

(Unit: millions of yen)

	1Q 2014	1Q 2015	Increase/decrease
Sales	33,406	34,753	1,347
Operating income	988	2,142	1,154

[Electronics segment]
The Electronics segment's sales decreased 11.4%, to ¥32,966 million. Production of HD media in the first quarter decreased due to the backlash from high level replacement demand for PCs in the same period of the previous year triggered by the expiration of support for an old version of operating system. Thus, sales of HD media decreased due to lower shipment volumes. Sales of rare earth magnetic alloys decreased. Sales of compound semiconductors were maintained at the level of the same period of the previous year. Operating income of the segment decreased 33.2%, to ¥5,427 million.

(Unit: millions of yen)

	1Q 2014	1Q 2015	Increase/decrease
Sales	37,229	32,966	-4,262
Operating income	8,124	5,427	-2,697

[Inorganics segment]
The Inorganics segment's sales decreased 1.9%, to ¥15,693 million. Production of graphite electrodes in the first quarter decreased from the same period of the previous year. Sales of graphite electrodes were maintained at the level of the same period of the previous year, reflecting leveling off of production by the steel industry of the United States and continuously weak supply-demand situation in the steel market of Asia. Sales of ceramics maintained at the level of the same period of the previous year due partly to higher shipment volumes of abrasives and fine ceramics, despite of decrease in shipment volumes of alumina. The segment recorded an operating loss of ¥287 million, an improvement of ¥156 million.

(Unit: millions of yen)

	1Q 2014	1Q 2015	Increase/decrease
Sales	15,993	15,693	-300
Operating income	-443	-287	156

[Aluminum segment]
The Aluminum segment's sales increased 8.7%, to ¥23,077 million. Production of high-purity foil for aluminum electrolytic capacitors decreased from the same period of the previous year due to capacitor manufacturers' adjustment of production. Though shipment volumes of rolled products decreased for this reason, sales of rolled products increased due mainly to the rise in sales prices reflecting the rise in prices of aluminum ingots. Sales of aluminum specialty products slightly increased. Sales of aluminum cans were up due to addition of the sales by Hanacans Joint Stock Company, of Vietnam, which had been consolidated last year. Operating income of the segment decreased 80.6%, to ¥165 million due mainly to the influence of increases in prices of aluminum ingots and electricity rates.

(Unit: millions of yen)

	1Q 2014	1Q 2015	Increase/decrease
Sales	21,232	23,077	1,845
Operating income	850	165	-685

[Others segment]
The Others segment's sales fell 18.5%, to ¥40,624 million. Sales of lithium ion battery (LIB) materials increased due to the start of full-scale shipment for car application, in addition to higher shipment volumes for smartphones. Shoko Co. Ltd.'s sales decreased due to the fall in sales of its business in China. Operating income of the segment decreased 66.6%, to ¥64 million.

(Unit: millions of yen)

	1Q 2014	1Q 2015	Increase/decrease
Sales	49,827	40,624	-9,203
Operating income	191	64	-127

(3) Major steps taken or decided in the first quarter of 2015
[General]
・Receipt of the Government's interest subsidy for resource utilization
SDK is expanding its used plastic gasification facility at the Kawasaki Plant. The investment was recognized by the Ministry of Economy, Trade and Industry as part of the ministry's fiscal 2014 program for the promotion of effective utilization of resources*. Under the program, SDK received a loan from the Development Bank of Japan Inc. in January 2015. After the completion of the planned expansion, the percentage of hydrogen from used plastic as raw material to produce ammonia will increase to more than 60%. SDK's liquefied ammonia (trade name: *Ecoann*™) has been approved as "eco-friendly goods for procurement" by major electric power companies because the product is partly based on used plastic.
*The Government provides interest subsidies for bank loans to firms investing in plant and equipment that promote effective utilization of recyclable resources.

[Petrochemicals segment]
・Signing multi-technology acetyls licensing agreement with KBR
SDK concluded a business alliance agreement with KBR Inc., an engineering company headquartered in Texas, to cooperatively market SDK's proprietary technologies to produce acetic acid and its derivatives (acetyls). Under the licensing agreement, SDK will provide KBR with its proprietary technologies to catalyze and process acetic acid to produce its derivatives, and its skills and know-how on plant operation, which were cultivated over many years. SDK will aim to seek more opportunities to license its proprietary acetyls-related technologies by utilizing KBR's sales network.

[Chemicals segment]

・Locating second bulk molding compound plant in China

In February 2015, SDK decided to establish a new production site for thermosetting bulk molding compound (BMC*) in Zhuhai, Guangdong Province, China, as its second BMC plant in China, jointly with Eternal Materials Co., Ltd., a synthetic resin manufacturer based in Taiwan. SDK Group's BMC business sector has production sites at three locations, in Japan, Shanghai, and Thailand. SDK Group's sales of BMC in China is expected to continue recording annual growth rate of 15% in average for quite a while, and will exceed the production capacity of the BMC plant in Shanghai. By establishing another BMC plant, SDK Group will strengthen its BMC supply system in the growing Chinese market.

*BMC is a thermosetting bulk molding compound resin made from unsaturated polyester resin as main component, kneaded together with glass fiber and other additives. BMC is used as headlamp reflectors and engine covers for car applications, and encapsulation material for home electrical appliances and precision parts.

・Completing high-purity N_2O base in South Korea

SDK increased its capacity for supplying high-purity nitrous oxide (N_2O), a specialty gas for semiconductor production, by cooperating with Dooam Industrial (Dooam), headquartered in Anseong, Gyeonggi Province, South Korea. The two companies jointly constructed a purification facility within the premises of Dooam's plant near Seoul, and started full-scale operation of the new facility in March 2015. With the addition of the newly completed 600t/y facility in South Korea to the existing 1,200t/y plant in Japan, the Showa Denko Group's high-purity N_2O supply capacity has increased to 1,800t/y in total, which is 1.5 times of the previous level. High-purity N_2O is used for deposition of an insulating oxide film in the process of chemical vapor deposition (CVD) for producing semiconductors and LCDs. For this application, demand for high-purity N_2O in Asia is expected to grow at an annual rate of 10% or more. Under its medium-term consolidated business plan "PEGASUS Phase II," SDK classifies its business in semiconductor processing high-purity gases in the category of "Growth" business. SDK will aim to further expand its production and delivery bases of the business, with focus on Asia.

[Electronics segment]

・Starting commercial production of 2.5-inch 750 GB HD media

In March 2015, SDK started shipment of 2.5-inch hard disk (HD) media with storage capacity of 750 gigabytes per platter, the world's highest storage capacity for this size available on the market to date*. The new 2.5-inch HD media we started to ship is classified into the eighth-generation of perpendicular magnetic recording (PMR) technology based media. As the world's largest independent HD media supplier, SDK will aim to continue leading the development of HD media with higher capacities including next generation 2.5-inch HD media with storage capacity of 1 terabyte, following the launch of 750 gigabyte media. SDK will also aim to continue meeting expectations of our customers in HDD industry by ensuring stable supply of high-capacity media.

*As of February 5, 2015 (To the best of SDK's knowledge)

[Inorganics segment]

・Starting commercial operation of a new chemical alumina plant in Indonesia

PT. Indonesia Chemical Alumina, a joint corporation owned by SDK and PT ANTAM (Persero) Tbk, of Indonesia, started commercial operation of its new chemical alumina plant established in the Tayan District, West Kalimantan, Indonesia. Chemical alumina is used for various industrial applications including electronic materials, chemicals for water treatment, abrasives, and thermal conductive fillers.

[Aluminum segment]

・Starting supply of cans for coffee beverages with milk

Showa Aluminum Can Corporation, a subsidiary of SDK, set up a new facility to produce aluminum cans for coffee beverages in its Oyama Plant located in Tochigi Prefecture, and started its commercial operation. The scale of domestic market for cans to be used to contain coffee beverages is about 10 billion cans per year, most of which are made of steel. In 2014, the

self-restraint guideline set by the beverage makers' association was changed to allow use of aluminum cans to contain coffee with milk. Aluminum cans are expected to increase its share in the coffee beverage container market because aluminum cans are of lighter weight and recycle-friendly.

・Completing expansion of high-purity aluminum foil plant in China

In April 2015, Showa Denko Aluminum (Nantong) Co., Ltd. (SDAN), a consolidated subsidiary of SDK, completed construction work to expand its capacity to produce high-purity aluminum foil for high-voltage use* to be applied to aluminum electrolytic capacitors from 400 tons per month to 600 tons per month, and started its commercial operation. Aluminum electrolytic capacitors are used in wide areas such as electric appliances, IT devices, electric vehicles, and hybrid cars. Especially in China, the demand for medium- and high-voltage electrolytic capacitors is increasing in applications including environment friendly cars and power conditioners for solar power generation. SDK will continue strengthening of SDAN as a base to provide our customers in China with high-purity aluminum foil for high-voltage use in a timely manner.

*High-purity aluminum foil for high-voltage use is electrolytic foil made from 99.99% purity of aluminum or higher, and has a withstanding voltage of 200V or higher.

[Others segment]

・Launching new LIB-packaging laminates for downsizing

Showa Denko Packaging Co., Ltd., a subsidiary of SDK, developed aluminum laminated films with electroconductivity, integrated with electrodes, to be used for packaging pouch type lithium ion batteries (LIBs). Aluminum laminated films with cathodic/anodic structure can eliminate necessity to deposit tab-leads on electrodes to conduct electricity to the outside of LIBs, and make downsizing of LIBs possible. The new laminates also eliminate electrolyte leakage from areas around through paths of tab-leads, and give more heat radiation capacity to LIBs than conventional ones. Moreover, by eliminating conventional cathodic/anodic-metal layers, these new laminates make it possible to manufacture LIBs with less than 50% thickness of conventional ones. Thus, these new laminates are expected to be applied to slim type products with batteries, and driving gears.

・SDK and Yamaguchi University ally to promote plant factories

SDK and National University Corporation Yamaguchi University concluded a partnership agreement to jointly promote global dissemination of our original high-speed plant growth technology "*SHIGYO*™ method" for LED-based plant factories and the results of joint researches related to that method. *SHIGYO*™ method is a technology to accelerate growth of plants by irradiating light emitted from SDK's proprietary ultra-bright red LEDs and blue LEDs in optimum pattern for plant growth. The optimum irradiation methods differ depending on the plant and the environment in which it is grown. Therefore, it is necessary for plant factory operators to receive technical support after introduction of *SHIGYO*™ method. Thus, SDK, with Yamaguchi University, will aim to cooperate with research institutions in various countries in more effective way, and contribute to dissemination and development of plant factories optimized for conditions in each region.

2. Financial conditions for the January 1 – March 31, 2015 period (as compared with the conditions at December 31, 2014)

Total assets at the end of the quarter amounted to ¥976,014 million, a decrease of ¥35,069 million from the level at December 31, 2014. Total assets were down due mainly to the decrease in accounts receivable. Total liabilities decreased ¥28,734 million, to ¥661,844 million, due partly to the decrease in accounts payable. Net assets at the end of the quarter decreased ¥6,335million, to ¥314,169 million, owing to the recording of net loss for the quarter and payment of dividends for 2014, notwithstanding the increases in foreign currency translation adjustments.

3. Performance forecast

Concerning the consolidated performance forecast for the first half of 2015, please refer to the news release announced today (May 8, 2015) "SDK Posts Provision of Allowance for Doubtful Accounts

(Extraordinary Loss) and Revises Performance Forecast for First Half 2015." However, the performance forecast for full-year 2015 is not changed because it is difficult at present to forecast performance of the Petrochemicals segment for the second half of 2015 due to fluidity in market conditions for crude-oils, other materials, and petrochemical products.

Consolidated Balance Sheets

(¥ in millions, US$ in thousands)

	Dec. 31, 2014	Mar. 31, 2015	Mar. 31, 2015
Assets	¥	¥	$
Current assets			
Cash and deposits	66,840	60,144	500,492
Notes and accounts receivable-trade	156,880	130,777	1,088,270
Merchandise and finished goods	57,913	58,622	487,822
Work in process	14,750	14,950	124,407
Raw materials and supplies	50,937	49,015	407,883
Other	34,628	35,711	297,168
Allowance for doubtful accounts	(1,509)	(262)	(2,176)
Total current assets	380,439	348,958	2,903,866
Noncurrent assets			
Property, plant and equipment			
Buildings and structures, net	85,948	86,937	723,454
Machinery, equipment and vehicles, net	119,924	120,417	1,002,056
Land	254,116	254,070	2,114,255
Other, net	53,669	55,345	460,554
Total property, plant and equipment	513,656	516,769	4,300,319
Intangible assets			
Other	13,680	13,523	112,535
Total intangible assets	13,680	13,523	112,535
Investments and other assets			
Investment securities	76,113	79,502	661,583
Other	27,608	31,795	264,582
Allowance for doubtful accounts	(412)	(14,534)	(120,944)
Total investments and other assets	103,308	96,763	805,221
Total noncurrent assets	630,644	627,056	5,218,075
Total assets	1,011,083	976,014	8,121,941
Liabilities			
Current liabilities			
Notes and accounts payable-trade	127,206	103,875	864,398
Short-term loans payable	71,519	92,053	766,027
Current portion of long-term loans payable	70,486	57,672	479,918
Commercial papers	5,000	15,000	124,823
Current portion of bonds	10,000	10,000	83,215
Provision	3,102	7,045	58,622
Other	93,467	71,293	593,267
Total current liabilities	380,781	356,937	2,970,271
Noncurrent liabilities			
Bonds payable	35,000	35,000	291,254
Long-term loans payable	191,119	195,272	1,624,968
Provision	633	764	6,358
Net defined benefit liability	22,115	16,159	134,469
Other	60,930	57,711	480,245
Total noncurrent liabilities	309,798	304,907	2,537,295
Total liabilities	690,579	661,844	5,507,566
Net assets			
Shareholders' equity			
Capital stock	140,564	140,564	1,169,706
Capital surplus	62,221	62,221	517,775
Retained earnings	57,467	47,108	392,013
Treasury stock	(10,153)	(10,154)	(84,494)
Total shareholders' equity	250,099	239,739	1,994,999
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	6,783	9,290	77,308
Deferred gains or losses on hedges	1,262	918	7,641
Revaluation reserve for land	27,908	31,455	261,750
Foreign currency translation adjustment	19,018	21,206	176,466
Remeasurements of defined benefit plans	(4,899)	(2,133)	(17,746)
Total accumulated other comprehensive income	50,072	60,736	505,420
Minority interests	20,333	13,694	113,956
Total net assets	320,504	314,169	2,614,375
Total liabilities and net assets	1,011,083	976,014	8,121,941

Consolidated Statements of Income

(¥ in millions, US$ in thousands)

	Results for the first quarter (Jan.1-Mar.31)		
	2014	2015	2015
	¥	¥	$
Net sales	209,634	193,171	1,607,478
Cost of sales	181,082	167,405	1,393,067
Gross profit	28,552	25,766	214,411
Selling, general and administrative expenses	20,970	21,913	182,346
Operating income	7,582	3,853	32,064
Non-operating income			
Interest income	43	74	619
Dividends income	322	270	2,250
Equity in earnings of affiliates	624	546	4,545
Subsidy income	338	596	4,960
Miscellaneous income	632	567	4,714
Total non-operating income	1,960	2,054	17,089
Non-operating expenses			
Interest expenses	960	1,064	8,853
Foreign exchange losses	61	890	7,404
Miscellaneous expenses	1,936	1,199	9,977
Total non-operating expenses	2,957	3,153	26,234
Ordinary income	6,585	2,754	22,920
Extraordinary income			
Gain on sales of noncurrent assets	3	15	128
Gain on sales of investment securities	700	13	108
Other	17	5	38
Total extraordinary income	720	33	274
Extraordinary loss			
Loss on sales and retirement of noncurrent assets	326	891	7,417
Provision of allowance for doubtful accounts	—	12,795	106,471
Other	716	1,486	12,366
Total extraordinary losses	1,042	15,172	126,254
Income (loss) before income taxes and minority interests	6,264	(12,385)	(103,060)
Income taxes	4,912	2,382	19,823
Income (loss) before minority interests	1,351	(14,767)	(122,883)
Minority interests in income (loss)	406	(7,241)	(60,254)
Net income (loss)	945	(7,526)	(62,629)

Consolidated Statements of Comprehensive Income

(¥ in millions, US$ in thousands)

	Results for the first quarter (Jan.1-Mar.31)		
	2014	2015	2015
	¥	¥	$
Income (loss) before minority interests	1,351	(14,767)	(122,880)
Other comprehensive income:			
Valuation difference on available-for-sale securities	(2,010)	2,806	23,349
Deferred gains or losses on hedges	18	(245)	(2,041)
Revaluation reserve for land	—	3,689	30,697
Foreign currency translation adjustments	(3,211)	380	3,159
Remeasurements of defined benefit plans, net of tax	—	2,763	22,992
Share of other comprehensive income of entities accounted for using equity method	(63)	205	1,707
Total other comprehensive income	(5,264)	9,597	79,863
Comprehensive income	(3,913)	(5,169)	(43,017)
(Comprehensive income attributable to)			
Comprehensive income attributable to owners of parent	(4,151)	1,688	14,043
Comprehensive income attributable to minority interests	238	(6,857)	(57,060)

(Reference)

SEGMENT INFORMATION (previous 1Q ended)

The operations of the Companies for the 3 Months ended March 31, 2014 and 2015 was summarised by industry segment as follows:

3 Months ended March 31, 2014	Millions of yen							
	Petrochemicals	Chemicals	Electronics	Inorganics	Aluminium	Others	Elimination	Consolidated
Sales								
Outside customers	¥60,519	¥30,769	¥36,832	¥13,810	¥19,421	¥48,282	¥–	¥209,634
Inter-segment	1,536	2,637	397	2,183	1,811	1,545	(10,110)	–
Total	62,056	33,406	37,229	15,993	21,232	49,827	(10,110)	209,634
Operating income (loss)	(¥65)	¥988	¥8,124	(¥443)	¥850	¥191	(¥2,063)	¥7,582

3 Months ended March 31, 2015	Millions of yen							
	Petrochemicals	Chemicals	Electronics	Inorganics	Aluminium	Others	Elimination	Consolidated
Sales								
Outside customers	**¥55,894**	**¥31,478**	**¥32,538**	**¥13,611**	**¥21,204**	**¥38,445**	**¥–**	**¥193,171**
Inter-segment	**1,224**	**3,275**	**428**	**2,082**	**1,873**	**2,179**	**(11,061)**	**–**
Total	**57,119**	**34,753**	**32,966**	**15,693**	**23,077**	**40,624**	**(11,061)**	**193,171**
Operating income (loss)	**(¥1,745)**	**¥2,142**	**¥5,427**	**(¥287)**	**¥165**	**¥64**	**(¥1,913)**	**¥3,853**

3 Months ended March 31, 2015	Thousands of U.S. dollars							
	Petrochemicals	Chemicals	Electronics	Inorganics	Aluminium	Others	Elimination	Consolidated
Sales								
Outside customers	**$465,126**	**$261,943**	**$270,770**	**$113,264**	**$176,451**	**$319,924**	**$–**	**$1,607,478**
Inter-segment	**10,189**	**27,254**	**3,562**	**17,325**	**15,585**	**18,130**	**(92,044)**	**–**
Total	**475,315**	**289,197**	**274,331**	**130,590**	**192,035**	**338,053**	**(92,044)**	**1,607,478**
Operating income (loss)	**($14,519)**	**$17,822**	**$45,160**	**($2,385)**	**$1,371**	**$531**	**($15,915)**	**$32,064**

SHOWA DENKO K.K.

May 8th, 2015

First Quarter, 2015 Consolidated Financial Results (Summary)

1. First Quarter Results

(1) Summary

〔First half, 2015 forecast〕

(Unit: billions of yen)

Items	2014 CQ1 Jan.1 - Mar.31	2015 CQ1 Jan.1 - Mar.31	Increase/ decrease	First half, 2015 forecast*
Net Sales	209.6	193.2	-16.5	403.0
Operating Income	7.6	3.9	-3.7	13.0
Net Income	0.9	-7.5	-8.5	-2.0
Gap between interest expense and interest/dividend income	-0.6	-0.7	-0.1	

*Forecast revised on May 8, 2015.

(Unit: billions of yen)

Items	Dec.31, 2014	Mar.31, 2015	Increase/ decrease
Total assets	1,011.1	976.0	-35.1
Interest-bearing debt	383.1	405.0	21.9

(2) Net sales and Operating Income by Segment

〔First half, 2015 forecast〕

(Unit: billions of yen)

Segment		2014 CQ1 Jan.1 - Mar.31	2015 CQ1 Jan.1 - Mar.31	Increase/ decrease	First half, 2015 forecast*
Net Sales	Petrochemicals	62.1	57.1	-4.9	117.0
	Chemicals	33.4	34.8	1.3	72.0
	Electronics	37.2	33.0	-4.3	70.0
	Inorganics	16.0	15.7	-0.3	33.0
	Aluminum	21.2	23.1	1.8	52.0
	Others	49.8	40.6	-9.2	81.0
	Adjustments	-10.1	-11.1	-1.0	-22.0
	Total	209.6	193.2	-16.5	403.0

Segment		2014 CQ1 Jan.1 - Mar.31	2015 CQ1 Jan.1 - Mar.31	Increase/ decrease	First half, 2015 forecast*
Operating Income	Petrochemicals	-0.1	-1.7	-1.7	2.0
	Chemicals	1.0	2.1	1.2	3.5
	Electronics	8.1	5.4	-2.7	12.0
	Inorganics	-0.4	-0.3	0.2	-0.5
	Aluminum	0.9	0.2	-0.7	0.5
	Others	0.2	0.1	-0.1	0.0
	Adjustments	-2.1	-1.9	0.2	-4.5
	Total	7.6	3.9	-3.7	13.0

2. Reference

Segment	2014 CQ1 Jan.1 - Mar.31	2015 CQ1 Jan.1 - Mar.31	Increase/ decrease	2015 forecast
Exchange rate (yen/US$)	102.8	119.1	Yen depreciated by 16.3	115.0
Domestic naphtha price (yen/kl)	72,000	47,000	-25,000	51,000

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.