SHOWA DENKO K.K.

Consolidated Financial Statements

For the first three quarters ended September 30, 2015

Ⅰ. Consolidated Financial Results

(1) Results of operations:

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

	Results for the first three quarters (Jan.1–Sep.30)			
	2014	**2015**	Increase (Decrease)	**2015**
	¥	**¥**	%	**$**
Net sales	646,321	**594,105**	(8.1)	**4,952,525**
Operating income	18,205	**25,499**	40.1	**212,565**
Ordinary income	17,033	**25,953**	52.4	**216,348**
Net income	2,171	**4,196**	93.3	**34,975**
Net income per share: Basic	1.46	**2.94**	—	**0.02**
Net income per share: Diluted	—	**—**	—	**—**

Notes
Important changes in accounting policies : applicable
Comprehensive income :
Results for the year ended September 30,2015 ¥−673million
Results for the year ended September 30,2014 ¥6,678million

(2) Financial position:

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

	Dec. 31, 2014	**Sep.30, 2015**	**Sep.30, 2015**
	¥	**¥**	**$**
Total assets	1,011,083	**949,703**	**7,916,832**
Total equity	320,504	**318,158**	**2,652,202**
	%	**%**	**%**
Stockholders' equity ratio	29.7	**32.2**	**32.2**

(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)

	fiscal year	
	¥	$
Net sales	825,000	6,877,292
Operating income	40,000	333,444
Ordinary income	37,000	308,436
Net income	10,000	83,361
Net income per share	7.00	0.06

*The above forecast was announced on July 30,2015.
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 ¥119.96 throughout this statement for convenience only.

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

(1) Summary

During the first three quarters of 2015 (January 1 – September 30), the Japanese economy continued to recover gradually, though there were slightly bearish tendencies in export and production. Corporate earnings maintained a high level due to a fundamentally weak yen and sluggish crude-oil prices. Consumer spending showed a steady change due to upward tendencies in employment and personal income. As for overseas economies, the US economy maintained gradual recovery. Though the European economy has unstable factors including the turmoil in Greece, there was economic recovery in Germany and the United Kingdom. On the other hand, China showed clear sign of business slowdown, and other newly rising nations in Asia experienced bearish economy.

In the petrochemical industry, operating rates at domestic plants maintained high levels. The market conditions for petrochemical products including olefins once improved in the second quarter, because the effects of the large drop in prices of crude oil at the end of 2014 peaked off at the beginning of 2015. However, the petrochemicals market became weak again in the third quarter due to a recurrence of drop in prices of crude oil. The electronic parts/materials industry remained firm, due mainly to high level production of semiconductors including memory chips for smartphones both at home and abroad.

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. The Showa Denko Group will steadily promote measures planned in PEGASUS, which is in its final year, get results, and commit itself to formulate the next medium-term consolidated business plan to be started in 2016.

The Group recorded consolidated net sales of ¥594,105 million in the first three quarters of 2015, down 8.1% from the same period of the previous year. While sales in the Chemicals and Aluminum segments increased, sales in the Petrochemicals, Electronics, Inorganics and Others segments decreased. Operating income jumped 40.1%, to ¥25,499 million. The Petrochemicals segment recorded big increase in operating income due to the recovery in the market for petrochemical products, in addition to the rebound from the periodic shutdown maintenance which took place in 2014. The Chemicals and Inorganics segments also recorded higher income. The Aluminum segment recorded operating income at the same level of the previous year. On the other hand, the Electronics segment recorded lower income due to lower shipment volumes of HD media and loss on write-down of rare earth inventory in the second quarter. The Others segment also recorded lower income. The Group recorded ordinary income of ¥25,953 million, up 52.4%. The Group posted a net income of ¥4,196 million, up 93.3%.

(Unit: millions of yen)

	2014 1Q – 3Q (Jan.-Sept.)	2015 1Q – 3Q (Jan.-Sept.)	Increase/decrease
Sales	646,321	594,105	-52,217
Operating income	18,205	25,499	7,294
Ordinary income	17,033	25,953	8,920
Net income	2,171	4,196	2,025

(2) A breakdown of net sales and operating income by segment (January 1 – September 30, 2015)

[Petrochemicals segment]
The Petrochemicals segment's sales decreased 11.8%, to ¥178,631 million. Production of ethylene and propylene increased from the same period of the previous year due to the recovery from the influence of the once-in-four-year periodic shutdown maintenance held in 2014. Under the circumstances, shipment volumes of major olefin products including ethylene and propylene increased. However, sales of olefins decreased due to the due to a fall in market prices reflecting the sharp drop in raw naphtha price. Sales of organic chemicals were down due to depressed vinyl acetate market, though sales of ethyl acetate increased due to higher shipment volumes. The segment recorded operating income of ¥8,625 million, up ¥9,220 million, due mainly to the advancement in olefins market in the second quarter.

(Unit: millions of yen)

	2014 1Q – 3Q (Jan.-Sept.)	2015 1Q – 3Q (Jan.-Sept.)	Increase/decrease
Sales	202,601	178,631	-23,970
Operating income	-595	8,625	9,220

[Chemicals segment]
The Chemicals segment's sales increased 4.2%, to ¥106,669 million. Though production of liquefied ammonia decreased from the same period of the previous year, production of semiconductor-processing high-purity gases increased. With regard to our basic chemicals business, 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 a fall in market prices. 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 in East Asia. Sales of functional chemicals were up due to consolidation of Shanghai Showa Highpolymer Co., Ltd., despite reduction in domestic shipment volumes. Sales of industrial gases were maintained at the level of the same period of the previous year. Operating income of the segment rose 137.6%, to ¥7,560 million.

(Unit: millions of yen)

	2014 1Q – 3Q (Jan.-Sept.)	2015 1Q – 3Q (Jan.-Sept.)	Increase/decrease
Sales	102,418	106,669	4,251
Operating income	3,182	7,560	4,378

[Electronics segment]
The Electronics segment's sales decreased 4.0%, to ¥98,507 million. Production of HD media 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 due to a fall in market prices under the influence of the repeal of export duty on rare earths by China in May 2015. Sales of compound semiconductors slightly decreased. Operating income of the segment decreased 36.2%, to ¥12,053 million.

(Unit: millions of yen)

	2014 1Q – 3Q (Jan.-Sept.)	2015 1Q – 3Q (Jan.-Sept.)	Increase/decrease
Sales	102,630	98,507	-4,123
Operating income	18,881	12,053	-6,828

[Inorganics segment]
The Inorganics segment's sales decreased 3.2%, to ¥49,290 million. Sales of graphite electrodes decreased due to the reduction in shipment volumes, owing to stagnated steel industry of the United States resulting from appreciation of dollar, and also owing to the weak supply demand situation in Asian steel market. Sales of ceramics slightly increased. The segment recorded an operating income of ¥655 million, an improvement of ¥1,384 million.

(Unit: millions of yen)

	2014 1Q – 3Q (Jan.-Sept.)	2015 1Q – 3Q (Jan.-Sept.)	Increase/decrease
Sales	50,925	49,290	-1,635
Operating income	-729	655	1,384

[Aluminum segment]
The Aluminum segment's sales increased 7.1%, to ¥75,912 million. Production of high-purity foil for aluminum electrolytic capacitors in China increased due to the start of commercial operation of expanded facility of Showa Denko Aluminum (Nantong) Co., Ltd., China, while production of that in Japan decreased. Overall, sales of rolled products increased due to sales increase in China. Sales of aluminum specialty products decreased due to reduction in production of cars and other transportation equipments in Japan and newly emerging nations. Sales of aluminum cans were up due to the increase in shipment volumes of cans for coffee beverages and consolidation of Hanacans Joint Stock Company of Vietnam in June 2014. Operating income of the segment decreased 0.6%, to ¥2,505 million.

(Unit: millions of yen)

	2014 1Q – 3Q (Jan.-Sept.)	2015 1Q – 3Q (Jan.-Sept.)	Increase/decrease
Sales	70,865	75,912	5,047
Operating income	2,520	2,505	-14

[Others segment]
The Others segment's sales fell 22.2%, to ¥115,740 million. Sales of lithium ion battery (LIB) materials increased due to the start of full-scale shipment for car applications, in

addition to higher shipment volumes for smartphones. Shoko Co., Ltd.'s sales significantly decreased due to the fall in sales of its steel related business in China. The segment recorded an operating loss of ¥48 million, a deterioration of ¥501 million.

(Unit: millions of yen)

	2014 1Q – 3Q (Jan.-Sept.)	2015 1Q – 3Q (Jan.-Sept.)	Increase/decrease
Sales	148,727	115,740	-32,986
Operating income	453	-48	-501

(3) Major steps decided or taken after the settlement of accounts for the first half of 2015
[Chemicals segment]

- Expanding utilization of used plastic to produce liquefied ammonia "*ECOANN*™"

In July 2015, SDK completed the expansion of used-plastic gasification facility at the Kawasaki Plant. After the expansion, the percentage of hydrogen from used plastic to produce liquefied ammonia "*ECOANN*™" will increase to 65%. This investment is partly subsidized by the Ministry of Economy, Trade and Industry's interest subsidy program for the promotion of effective utilization of resources*. Under the program, SDK received a loan from the Development Bank of Japan, Inc. The method to produce hydrogen from used plastic entails significantly lower environmental burden compared to the conventional methods to produce hydrogen from petroleum-derived raw materials. *ECOANN*™ has been approved and rated high as "eco-friendly goods for procurement" by major electric power companies. Moreover, in July 2015, SDK's proprietary process to produce this liquefied ammonia was accredited by Japan Environment Association, which sponsors the "Eco Mark Program" to praise environment friendly products/processes, to be eligible for Eco Mark, an official Japanese program in conformity with Type-1 environmental labelling principles hosed by Global Eco-labelling Network*, as the first case of production process in the world. SDK will continue developing environment friendly products and production processes.

*Under this program, the Japanese government provides interest subsidies for bank loans to firms investing in plant and equipment that promote effective utilization of recyclable resources.

**Eco Mark Program is hosted by Japan Environment Association, which is a member of Global Eco-labelling Network. Eco Mark is awarded to products/processes certified by third party certification authorities to have environmental superiority. Certification process of Eco Mark is operated in conformity with Type-1 environmental labelling principles defined in ISO 14024.

- Launching two hydrophilic HPLC columns as addition to the lineup of *Shodex*™

SDK launched two series of columns as new products of *Shodex*™ business, which produces separation/analysis columns for high performance liquid chromatography (HPLC). In August 2015, SDK started to sell "HILICpak VT-50" series, which are polymer based columns for hydrophilic interaction chromatography (HILIC*) suitable for separation of anionic biochemicals including phosphorylated saccharides. In September 2015, SDK also started to sell "OHpak LB-800" series, which are columns for aqueous size exclusion chromatography (SEC**) compatible with multi-angle light scattering (MALS) detector. SDK will continue expanding lineup of high-functioning columns, with focus on use in fields of pharmaceuticals and functional chemicals.

*HILIC (hydrophilic interaction chromatography): A kind of normal phase chromatography, which extracts chemical compounds from samples injected into column in reverse order of hydrophilicity.

**SEC (size exclusion chromatography): A kind of chromatography, which separates and analyzes samples containing protein or other high molecules on the basis of relative molecular mass by utilizing micro-holes of polymer-based packing materials.

[Electronics segment]

- Baotou Showa Rare Earth High-Tech New Material to be dissolved

In July 2015, SDK decided to dissolve its consolidated subsidiary Baotou Showa Rare Earth High-Tech Material Co., Ltd. (BSR) located in Baotou, Inner Mongolia, China. BSR had been producing rare earth materials from mines in China, producing magnetic alloy and selling that to Japanese and Chinese markets since its establishment. However, since 2012, when the Chinese government terminated export duty exemption for rare earth magnetic alloy, BSR's sales to customers in Japan had been significantly reduced. Thus SDK and its partners decided to dissolve BSR. SDK will concentrate its production and sale of rare earth magnetic alloy in China into Ganzhou Zhaori Rare Earth New Materials Co., Ltd. (GSR). SDK will aim to accelerate development of new-generation rare earth magnetic alloy, and strengthen its sales activities in China.

[Others segment]

- Offering SiC epitaxial wafers with very low defect density

SDK developed a new grade of silicon carbide (SiC) epitaxial wafers for power devices with very low defect density. In this October, SDK started commercial shipments of the new grade, in two different sizes of four inches and six inches in diameter, under the trade name of "High-Grade Epi" (HGE). Power modules for high-voltage, high-current applications mainly contain devices with the structure of SBD (Schottky barrier diode) and transistors with the structure of MOSFET (metal-oxide-semiconductor field-effect transistor). While SiC is increasingly used in SBD, reduction of defects in SiC epitaxial wafers was a matter to be solved in order to realize use of SiC in MOSFET. In the new product "HGE," SDK has succeeded in significantly reducing defect density by controlling the number of surface defects (SD) within one-third the current level of SDK's conventional product and of basal plane dislocation (BPD) within one-hundredth compared with conventional product. As a result, it is now possible to eliminate device defects attributable to BPD. SDK believes that the new product will realize practical application of SiC-MOSFET and greatly contribute to the commercialization and market expansion of "full-SiC" power modules. When compared with the mainstream silicon-based semiconductors, SiC-based power devices can operate under high-temperature, high-voltage, and high-current conditions, while substantially reducing energy loss. These features enable the production of smaller, lighter, and more energy-efficient next-generation power control modules. SiC power devices are already used as power sources of servers, distributed power supply systems for new energies, and in railcars. Demand for SiC power devices as onboard equipment is expected to grow further. Moreover, efforts are under way to develop SiC-based ultra-high-voltage devices for use in power generation/transmission systems. SDK will continue its efforts to meet requirements for higher quality, contributing toward expansion of the market.

- Introduction of plant growth system including *SHIGYO*™ Unit is in progress

"SHIGYO™ Method," which is a proprietary high-speed plant growth technology jointly developed by SDK and National University Corporation Yamaguchi University, and "*SHIGYO*™ Unit," which is a solution package for plant factories including LED lighting equipment, heat insulation panels and other necessary equipment, have been adopted by Kyoei Kogyo Co., Ltd., and will be applied to its large-scale plant factory to be established in Mino City, Gifu Prefecture. The new plant is scheduled to be completed in April 2016. Moreover, SDK's proprietary LED illuminant for plant factories and aluminum stands have been adopted by Sekishin Electric Co., Ltd. and Sony Business Solutions Corporation, and applied to a jointly developed LED lighting system to accelerate growth of natural grass in stadiums. The LED illuminant adopted this time includes our proprietary LED chips that emit deep-red light optimum for plant's photosynthesis at the world's highest level of efficiency and LED chips that emit blue light. Thus the LED illuminant efficiently

accelerates photosynthesis by grass, while contributing to reduction of electricity consumption. Our light-weight aluminum stands contribute to reduction of load on grass. SDK will further promote development of technologies for plant growth, aiming to promote dissemination of plant growth system that realizes stable supply of safe vegetables and fast growth of plant.

2. Financial conditions for the January 1 – September 30, 2015 period (as compared with the conditions at December 31, 2014)

Total assets at September 30, 2015 amounted to ¥949,703 million, a decrease of ¥61,380 million from the level at December 31, 2014. Total assets were down due mainly to the decrease in accounts receivable and inventories. Total liabilities decreased ¥59,034 million, to ¥631,545 million, due partly to the decrease in accounts payable and interest-bearing debts. Net assets at September 30, 2015 decreased ¥2,346 million, to ¥318,158 million, owing to the decrease in minority interests, notwithstanding the increases in retained earnings and accumulated other comprehensive income.

3. Performance forecast

We announced our revised full-year performance forecast on July 30, 2015. 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	825,000	40,000	37,000	10,000

Consolidated Balance Sheets

(¥ in millions, US$ in thousands)

	Dec. 31, 2014	Sep. 30, 2015	Sep. 30, 2015
Assets	¥	¥	$
Current assets			
Cash and deposits	66,840	64,069	534,086
Notes and accounts receivable-trade	156,880	130,184	1,085,229
Merchandise and finished goods	57,913	53,268	444,045
Work in process	14,750	14,309	119,281
Raw materials and supplies	50,937	44,862	373,976
Other	34,628	28,296	235,881
Allowance for doubtful accounts	(1,509)	(1,096)	(9,134)
Total current assets	380,439	333,892	2,783,364
Noncurrent assets			
Property, plant and equipment			
Buildings and structures, net	85,948	83,931	699,661
Machinery, equipment and vehicles, net	119,924	115,522	963,004
Land	254,116	252,205	2,102,405
Other, net	53,669	60,333	502,945
Total property, plant and equipment	513,656	511,991	4,268,016
Intangible assets			
Other	13,680	12,854	107,149
Total intangible assets	13,680	12,854	107,149
Investments and other assets			
Investment securities	76,113	76,727	639,605
Other	27,608	28,720	239,415
Allowance for doubtful accounts	(412)	(14,481)	(120,717)
Total investments and other assets	103,308	90,966	758,303
Total noncurrent assets	630,644	615,811	5,133,468
Total assets	1,011,083	949,703	7,916,832
Liabilities			
Current liabilities			
Notes and accounts payable-trade	127,206	100,330	836,359
Short-term loans payable	71,519	73,963	616,561
Current portion of long-term loans payable	70,486	52,275	435,772
Commercial papers	5,000	—	—
Current portion of bonds	10,000	10,000	83,361
Provision	3,102	5,888	49,082
Other	93,467	79,825	665,428
Total current liabilities	380,781	322,280	2,686,563
Noncurrent liabilities			
Bonds payable	35,000	45,000	375,125
Long-term loans payable	191,119	193,795	1,615,496
Provision	633	1,177	9,810
Net defined benefit liability	22,115	12,534	104,483
Other	60,930	56,760	473,154
Total noncurrent liabilities	309,798	309,265	2,578,068
Total liabilities	690,579	631,545	5,264,630
Net assets			
Shareholders' equity			
Capital stock	140,564	140,564	1,171,753
Capital surplus	62,221	62,221	518,681
Retained earnings	57,467	58,799	490,155
Treasury stock	(10,153)	(10,156)	(84,662)
Total shareholders' equity	250,099	251,427	2,095,928
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	6,783	7,234	60,302
Deferred gains or losses on hedges	1,262	(169)	(1,410)
Revaluation reserve for land	27,908	31,543	262,945
Foreign currency translation adjustment	19,018	17,489	145,789
Remeasurements of defined benefit plans	(4,899)	(1,951)	(16,263)
Total accumulated other comprehensive income	50,072	54,145	451,363
Minority interests	20,333	12,585	104,911
Total net assets	320,504	318,158	2,652,202
Total liabilities and net assets	1,011,083	949,703	7,916,832

Consolidated Statements of Income

(¥ in millions, US$ in thousands)

	Results for the first three quarters (Jan.1-Sep.30)		
	2014	2015	2015
	¥	¥	$
Net sales	646,321	594,105	4,952,525
Cost of sales	563,633	501,587	4,181,287
Gross profit	82,688	92,518	771,238
Selling, general and administrative expenses	64,483	67,018	558,672
Operating income	18,205	25,499	212,565
Non-operating income			
Interest income	174	202	1,688
Dividends income	3,153	1,411	11,763
Equity in earnings of affiliates	451	2,156	17,972
Miscellaneous income	3,735	3,374	28,128
Total non-operating income	7,513	7,144	59,551
Non-operating expenses			
Interest expenses	3,314	3,066	25,561
Miscellaneous expenses	5,371	3,624	30,207
Total non-operating expenses	8,685	6,690	55,768
Ordinary income	17,033	25,953	216,348
Extraordinary income			
Gain on sales of investment securities	723	1,729	14,413
Gain on sales of Patent right and other	345	—	—
Other	59	359	2,993
Total extraordinary income	1,127	2,088	17,406
Extraordinary loss			
Loss on sales and retirement of noncurrent assets	1,655	2,385	19,880
Provision of allowance for doubtful accounts	—	12,894	107,482
Other	9,644	3,614	30,124
Total extraordinary losses	11,299	18,892	157,487
Income before income taxes and minority interests	6,860	9,149	76,267
Income taxes	4,532	12,052	100,464
Income (loss) before minority interests	2,328	(2,903)	(24,197)
Minority interests in income (loss)	157	(7,098)	(59,172)
Net income	2,171	4,196	34,975

Consolidated Statements of Comprehensive Income

(¥ in millions, US$ in thousands)

	Results for the first three quarters (Jan.1-Sep.30)		
	2014	2015	2015
	¥	¥	$
Income (loss) before minority interests	2,328	(2,903)	(24,197)
Other comprehensive income:			
Valuation difference on available-for-sale securities	180	38	319
Deferred gains or losses on hedges	871	(1,261)	(10,516)
Revaluation reserve for land	—	3,777	31,487
Foreign currency translation adjustments	3,289	(3,403)	(28,370)
Remeasurements of defined benefit plans, net of tax	—	2,961	24,683
Share of other comprehensive income of entities accounted for using equity method	10	118	983
Total other comprehensive income	4,350	2,230	18,587
Comprehensive income	6,678	(673)	(5,610)
(Comprehensive income attributable to)			
Comprehensive income attributable to owners of parent	6,175	6,858	57,165
Comprehensive income attributable to minority interests	503	(7,531)	(62,776)

(Reference)

SEGMENT INFORMATION (previous 3Q ended)

The operations of the Companies for the 9 Months ended September 30, 2014 and 2015 was summarised by industry segment as follows:

9 Months 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	¥144,048	¥–	¥646,321
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	148,727	(31,845)	646,321
Operating income (loss)	(¥595)	¥3,182	¥18,881	(¥729)	¥2,520	¥453	(¥5,508)	¥18,205

9 Months ended September 30, 2015	Millions of yen							
	Petrochemicals	Chemicals	Electronics	Inorganics	Aluminium	Others	Elimination	Consolidated
Sales								
Outside customers	**¥175,730**	**¥97,524**	**¥97,084**	**¥42,822**	**¥70,336**	**¥110,609**	**¥–**	**¥594,105**
Inter-segment	**2,901**	**9,146**	**1,423**	**6,468**	**5,576**	**5,131**	**(30,645)**	**–**
Total	**178,631**	**106,669**	**98,507**	**49,290**	**75,912**	**115,740**	**(30,645)**	**594,105**
Operating income (loss)	**¥8,625**	**¥7,560**	**¥12,053**	**¥655**	**¥2,505**	**(¥48)**	**(¥5,851)**	**¥25,499**

9 Months ended September 30, 2015	Thousands of U.S. dollars							
	Petrochemicals	Chemicals	Electronics	Inorganics	Aluminium	Others	Elimination	Consolidated
Sales								
Outside customers	**$1,464,904**	**$812,970**	**$809,303**	**$356,970**	**$586,327**	**$922,050**	**$–**	**$4,952,525**
Inter-segment	**24,183**	**76,239**	**11,862**	**53,918**	**46,485**	**42,773**	**(255,460)**	**–**
Total	**1,489,087**	**889,209**	**821,166**	**410,888**	**632,812**	**964,823**	**(255,460)**	**4,952,525**
Operating income (loss)	**$71,899**	**$63,023**	**$100,475**	**$5,460**	**$20,885**	**($402)**	**($48,774)**	**$212,565**

SHOWA DENKO K.K.

October 30, 2015

Third Quarter, 2015 Consolidated Financial Results (Summary)

1. Third Quarter Results 2015

(1) Summary

〔2015 forecast〕

(Unit: billions of yen)

Items	2014 Jan.1 - Sept.30	2015 Jan.1 - Sept.30	Increase/ decrease	2015 Forecast *
Net Sales	646.3	594.1	-52.2	825.0
Operating Income	18.2	25.5	7.3	40.0
Net Income	2.2	4.2	2.0	10.0

(2) Net Sales and Operating Income by Segment

〔2015 forecast〕

(Unit: billions of yen)

Segment		2014 Jan.1 - Sept.30	2015 Jan.1 - Sept.30	Increase/ decrease	2015 Forecast *
Net Sales	Petrochemicals	202.6	178.6	-24.0	248.0
	Chemicals	102.4	106.7	4.3	145.0
	Electronics	102.6	98.5	-4.1	138.0
	Inorganics	50.9	49.3	-1.6	72.0
	Aluminum	70.9	75.9	5.0	105.0
	Others	148.7	115.7	-33.0	162.0
	Adjustments	-31.8	-30.6	1.2	-45.0
	Total	646.3	594.1	-52.2	825.0
Operating Income	Petrochemicals	-0.6	8.6	9.2	13.0
	Chemicals	3.2	7.6	4.4	10.5
	Electronics	18.9	12.1	-6.8	19.5
	Inorganics	-0.7	0.7	1.4	1.5
	Aluminum	2.5	2.5	0.0	3.0
	Others	0.5	0.0	-0.5	0.5
	Adjustments	-5.5	-5.9	-0.3	-8.0
	Total	18.2	25.5	7.3	40.0

*Forecast revised on Jul. 30, 2015.

(Unit: billions of yen)

Segment		2015 CQ1 Jan.1 - Mar.31	2015 CQ2 Apr.1 - Jun.30	2015 CQ3 Jul.1 - Sept.30
Net Sales	Petrochemicals	57.1	64.1	57.4
	Chemicals	34.8	35.5	36.4
	Electronics	33.0	32.0	33.5
	Inorganics	15.7	17.4	16.2
	Aluminum	23.1	26.9	25.9
	Others	40.6	38.8	36.3
	Adjustments	-11.1	-11.0	-8.6
	Total	193.2	203.8	197.1
Operating Income	Petrochemicals	-1.7	7.7	2.7
	Chemicals	2.1	2.1	3.3
	Electronics	5.4	2.6	4.0
	Inorganics	-0.3	0.3	0.7
	Aluminum	0.2	1.2	1.1
	Others	0.1	0.1	-0.2
	Adjustments	-1.9	-1.8	-2.1
	Total	3.9	12.3	9.4

2. Cash dividends

(Unit: yen)

Items	2014	2015 Forecast
Cash dividends per share	3.0	3.0 (planned)

3. Reference

Items	2014 Jan.1 - Sept.30	2015 Jan.1 - Sept.30	Increase/ decrease
Exchange rate (yen/US$)	103.0	120.9	17.9
Domestic naphtha price (yen/kl)	70,950	47,700	-23,250

(Unit: billions of yen)

Items	Dec. 31, 2014	Sept. 30, 2015	Increase/ decrease
Total assets	1,011.1	949.7	-61.4
Interest-bearing debt	383.1	375.0	-8.1

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.