

Consolidated Statements of Income

Showa Denko K.K. and Consolidated Subsidiaries

For the years ended December 31, 2014 and 2013

	Millions of yen		Thousands of U.S. dollars (Note 5)
	2014	2013	2014
Net sales	¥876,580	¥848,071	\$7,271,503
Cost of sales (Note 21)	767,849	739,017	6,369,547
Gross profit	108,731	109,054	901,957
Selling, general and administrative expenses (Notes 20 and 21)	87,816	83,101	728,463
Operating income	20,915	25,953	173,494
Other income (expenses)			
Interest and dividends income	3,715	1,300	30,819
Equity in earnings of unconsolidated subsidiaries and affiliates	1,212	(264)	10,055
Gain on sales of investment securities, net	2,985	5,051	24,761
Loss on valuation of investment securities	(4,032)	(465)	(33,449)
Foreign exchange gains	4,431	2,165	36,758
Rent income on noncurrent assets	1,628	1,479	13,504
Gain on sales of noncurrent assets, net	28	66	233
Interest expenses	(4,546)	(4,126)	(37,711)
Loss on retirement of noncurrent assets	(4,168)	(1,444)	(34,575)
Impairment loss (Note 14)	(3,747)	(1,357)	(31,085)
Loss on mothballing of operation	(2,947)	(1,852)	(24,449)
Compensation for cancellation of contracts	—	756	—
Other, net	(5,509)	(3,229)	(45,701)
Total	(10,951)	(1,920)	(90,839)
Income before income taxes and minority interests	9,964	24,033	82,655
Income taxes (Note 13)			
Current	3,865	3,519	32,065
Deferred	2,959	10,241	24,543
Income before minority interests	3,140	10,274	26,047
Minority interests in income (loss)	(360)	1,209	(2,988)
Net income	¥3,500	¥ 9,065	\$29,036

Per share amounts	Yen	U.S. dollars (Note 5)
	Net income—primary	¥2.38
Net income—fully diluted	—	—
Cash dividends (applicable to the period)	3.00	3.00

Note: Net income per share has been computed based on the average number of shares of common stock outstanding during the respective fiscal year. Fully diluted net income per share additionally assumes the conversion of the convertible bonds.

Diluted net income per share for 2014 was not disclosed because there was no dilutive stock at December 31, 2014.

Diluted net income per share for 2013 was not disclosed because the Company had no securities with dilutive effects.

See notes to financial statements.