



Consolidated Balance Sheets

Showa Denko K.K. and Consolidated Subsidiaries

As at December 31, 2018 and 2017

ASSETS	Millions of yen		Thousands of U.S. dollars (Note 5)
	2018	2017	2018
Current assets			
Cash and deposits (Notes 6 and 7)	¥ 113,186	¥ 77,248	\$ 1,019,692
Notes and accounts receivable (Notes 7 and 10)	217,200	194,404	1,956,761
Allowance for doubtful accounts	(1,386)	(2,849)	(12,482)
Inventories	152,800	114,913	1,376,581
Deferred tax assets (Note 13)	3,747	6,898	33,760
Other current assets (Notes 7 and 9)	14,732	16,581	132,717
Total current assets	500,280	407,194	4,507,029
Property, plant and equipment (Note 11)			
Land (Note 19)	234,987	244,713	2,117,002
Buildings and structures	283,303	287,708	2,552,281
Machinery, equipment and vehicles	900,921	900,779	8,116,403
Construction in progress	11,106	16,548	100,054
	1,430,317	1,449,748	12,885,740
Less : Accumulated depreciation	(951,911)	(943,815)	(8,575,776)
Net property, plant and equipment	478,406	505,933	4,309,964
Investments and other assets			
Investment securities (Notes 7, 8, and 11)	71,886	89,167	647,618
Long-term loans	71	1,217	643
Net defined benefit asset (Note 12)	249	232	2,243
Deferred tax assets (Note 13)	1,590	1,080	14,320
Other (Notes 7 and 9)	31,596	32,405	284,650
Allowance for doubtful accounts	(8,332)	(10,229)	(75,062)
Total investments and other assets	97,060	113,871	874,412
Total assets	¥ 1,075,746	¥ 1,026,999	\$ 9,691,405

See notes to financial statements.

LIABILITIES AND NET ASSETS	Millions of yen		Thousands of U.S. dollars (Note 5)
	2018	2017	2018
Current liabilities			
Short-term debt (Notes 7 and 11)	¥ 81,747	¥ 91,699	\$ 736,456
Current portion of long-term debt (Notes 7 and 11)	41,403	57,432	373,000
Notes and accounts payable (Notes 7, 10, and 11)	182,890	171,515	1,647,662
Income taxes payable	10,160	5,748	91,535
Provision for repairs	64	4,143	574
Provision for bonuses	3,516	2,949	31,678
Provision for stock payments (Note 3)	5	5	46
Provision for business structure improvement	129	137	1,161
Other current liabilities (Notes 7, 9, and 13)	42,266	38,206	380,775
Total current liabilities	362,181	371,835	3,262,888
Non-current liabilities			
Long-term debt less current portion (Notes 7 and 11)	164,818	197,594	1,484,847
Deferred tax liabilities (Note 13)	6,683	12,880	60,211
Provision for repairs	1,102	117	9,926
Provision for stock payments (Note 3)	156	96	1,407
Provision for business structure improvement	2,876	3,574	25,906
Provision for loss on guarantees	—	2,640	—
Net defined benefit liability (Note 12)	22,018	18,966	198,365
Deferred tax liabilities for land revaluation (Note 19)	32,324	32,488	291,208
Other non-current liabilities (Notes 7 and 9)	18,248	17,814	164,397
Total non-current liabilities	248,226	286,170	2,236,266
Contingent liabilities (Note 17)			
Net assets (Note 18)			
Shareholders' equity			
Capital stock			
Authorized, 330,000,000 shares			
<i>Issued, 2018–149,711,292 shares</i>	140,564	—	1,266,338
<i>Issued, 2017–149,711,292 shares</i>	—	140,564	—
Capital surplus	78,911	61,663	710,911
Retained earnings	197,717	100,076	1,781,230
Less: Treasury stock at cost, 2018–3,836,364 shares	(11,659)	—	(105,038)
Less: Treasury stock at cost, 2017–7,187,545 shares	—	(10,503)	—
Total shareholders' equity	405,532	291,800	3,653,441
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	7,489	16,547	67,465
Deferred gains or losses on hedges	836	3,781	7,535
Revaluation reserve for land (Note 19)	33,281	29,541	299,831
Foreign currency translation adjustments	7,069	15,516	63,681
Remeasurements of defined benefit plans (Note 12)	(8,244)	(4,716)	(74,270)
Total accumulated other comprehensive income	40,431	60,670	364,241
Non-controlling interests	19,377	16,524	174,568
Total net assets	465,340	368,994	4,192,251
Total liabilities and net assets	¥1,075,746	¥1,026,999	\$ 9,691,405