

Consolidated Statements of Income

Showa Denko K.K. and Consolidated Subsidiaries

For the years ended December 31, 2018 and 2017

	Millions of yen		Thousands of U.S. dollars (Note 5)
	2018	2017	2018
Net sales	¥ 992,136	¥ 780,387	\$ 8,938,162
Cost of sales (Note 21)	705,003	602,888	6,351,379
Gross profit	287,133	177,498	2,586,784
Selling, general and administrative expenses (Notes 20 and 21)	107,130	99,790	965,135
Operating income	180,003	77,708	1,621,649
Other income (expenses)			
Interest and dividends income	2,354	1,893	21,207
Equity in earnings (losses) of unconsolidated subsidiaries and affiliates (Note 22)	1,253	(7,689)	11,290
Gain on sales of investment securities, net (Note 8)	1,521	408	13,703
Loss on valuation of investment securities (Note 8)	(2,583)	(50)	(23,270)
Rent income on non-current assets	1,366	1,381	12,305
Interest expenses	(2,983)	(3,100)	(26,871)
Loss on retirement of non-current assets	(4,851)	(5,310)	(43,706)
Impairment loss (Note 14)	(22,573)	(7,204)	(203,362)
Gain on bargain purchase	—	7,141	—
Gain on liquidation of subsidiaries	361	15	3,254
Provision for loss on guarantees (Note 22)	—	(2,640)	—
Other, net	(8,359)	(12,022)	(75,309)
Total	(34,494)	(27,177)	(310,759)
Income before income taxes and non-controlling interests	145,509	50,531	1,310,890
Income taxes (Note 13)			
Current	25,669	8,053	231,255
Deferred	3,087	2,761	27,813
Net income	116,752	39,717	1,051,823
Net income attributable to non-controlling interests	5,249	2,313	47,287
Net income attributable to owners of the parent	¥ 111,503	¥ 37,404	\$ 1,004,535

	Yen	U.S. dollars (Note 5)
Per share amounts		
Net income – primary	¥ 758.15	¥ 262.44
Cash dividends (applicable to the period)	120.00	80.00

Note: Net income per share has been computed based on the average number of shares of common stock outstanding during the respective fiscal year.

Diluted net income per share for 2018 and 2017 were not disclosed because there were no dilutive shares.

See notes to financial statements.