

Financial Summary

For the year ended March 31, 2013

(April 25, 2013)
Shin-Etsu Chemical Co., Ltd.



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Operating Performance

(Billions of Yen)

	Consolidated		
	Fiscal year 11/4-12/3	Fiscal year 12/4-13/3	Increase (Decrease)
Net Sales	1,047.7	1,025.4	(2.1%) (22.3)
Operating income	149.6	157.0	5.0% 7.4
Ordinary income	165.2	170.2	3.0% 5.0
Net income	100.6	105.7	5.0% 5.1
ROE	7.0%	7.0%	0.0points
ROA	9.2%	9.1%	(0.1points)
Per share (in Yen)			
Net income	237.03	248.94	11.91
Cash dividend	100.00	100.00	-

Non-consolidated		
Fiscal year 11/4-12/3	Fiscal year 12/4-13/3	Increase (Decrease)
579.0	559.5	(3.4%) (19.5)
80.1	77.3	(3.6%) (2.8)
82.0	87.0	6.1% 5.0
49.0	56.7	15.6% 7.7
7.4%	8.3%	0.9points
9.9%	10.4%	0.5points
115.49	133.53	18.04

Notes: (1) ROE: Return (Net income) on equity.

Equity used for this calculation is net assets excluding both Share subscription rights and Minority interests in consolidated subsidiaries.

(2) ROA: Return (Ordinary income) on total assets.

(Billions of Yen)

	Consolidated		
	Mar. 31 2012	Mar. 31 2013	Increase (Decrease)
Net Assets	1,494.6	1,623.2	128.6
Total Assets	1,809.8	1,920.9	111.1
Equity Ratio	80.3%	82.0%	1.7points
Net Assets per share (in Yen)	3,423	3,709	286

Non-consolidated		
Mar. 31 2012	Mar. 31 2013	Increase (Decrease)
672.3	697.6	25.3
841.8	839.3	(2.5)
79.5%	82.9%	3.4points
1,576	1,637	61



Financial Highlights

(Billions of Yen)

		Consolidated		Non-consolidated	
		Fiscal year 11/4-12/3	Fiscal year 12/4-13/3	Fiscal year 11/4-12/3	Fiscal year 12/4-13/3
Capital expenditures		87.2	86.8	22.2	30.0
Depreciation and amortization		82.9	81.0	24.4	23.9
R&D costs		35.7	37.7	25.4	28.2
Interest-bearing liabilities		15.3	13.2	11.4	11.3
Number of employees		16,167	17,712	2,695	2,692
Exchange rate (Yen/US\$)	Jan - Dec (Avg)	79.8	79.8	-	-
	Apr - Mar (Avg)	79.1	83.1	79.1	83.1

Notes: (1) An average exchange rate between January and December was used for the Consolidated Income Statements of overseas subsidiaries.

(2) For further exchange rate data, please see Appendix on page 18.

● ● ● | Segment Information

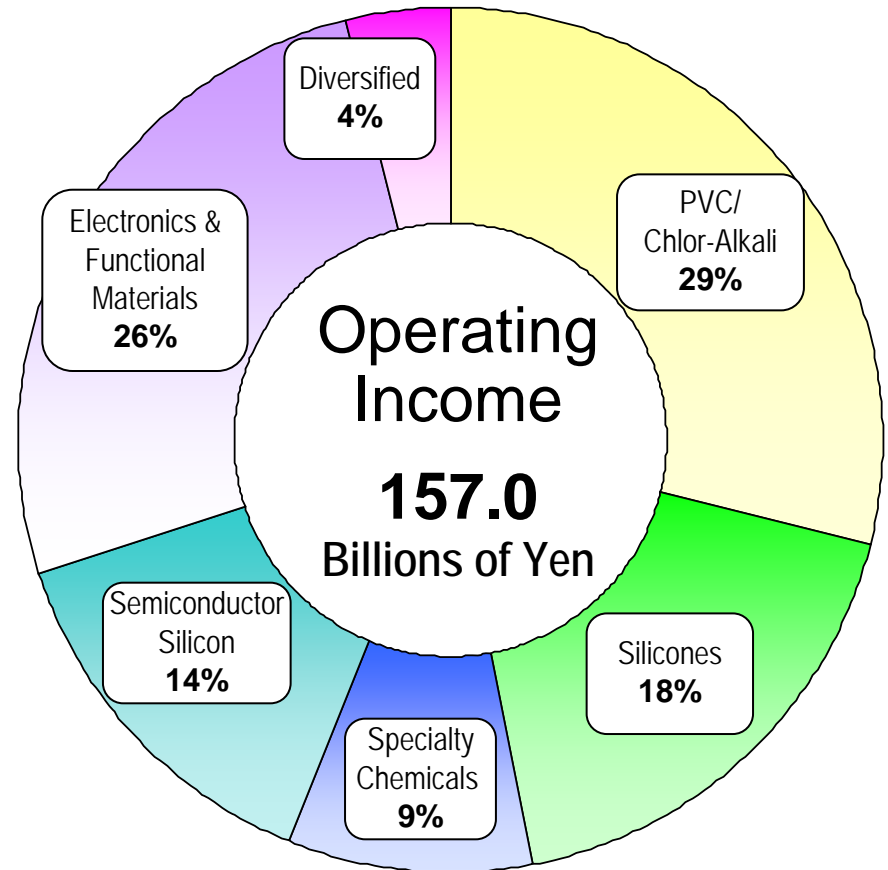
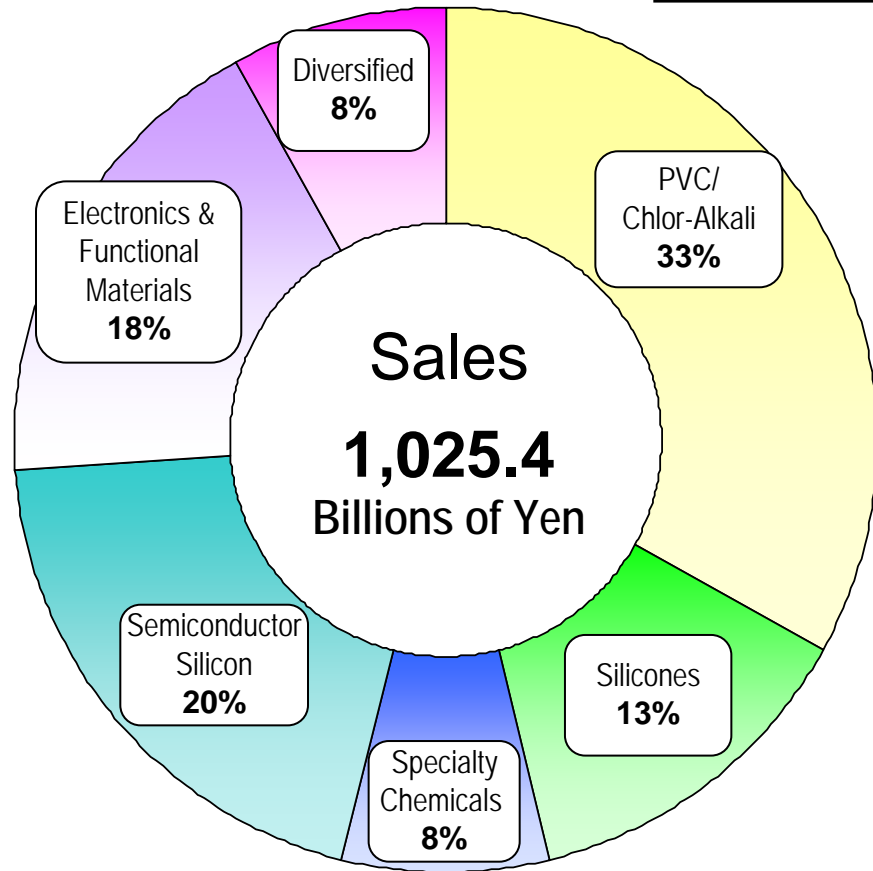
(Billions of Yen)

	Net Sales			Operating Income		
	Fiscal year 11/4-12/3	Fiscal year 12/4-13/3	Increase (Decrease)	Fiscal year 11/4-12/3	Fiscal year 12/4-13/3	Increase (Decrease)
PVC/Chlor-Alkali Business	324.0	343.7	6.1% 19.7	23.7	45.6	92.6% 21.9
Silicones Business	135.5	129.0	(4.7%) (6.5)	33.7	28.6	(15.0%) (5.1)
Specialty Chemicals Business	87.1	83.5	(4.1%) (3.6)	14.7	14.5	(1.6%) (0.2)
Semiconductor Silicon Business	229.6	202.5	(11.8%) (27.1)	34.3	21.9	(36.1%) (12.4)
Electronics & Functional Materials Business	177.8	182.8	2.8% 5.0	38.2	40.9	7.1% 2.7
Diversified Business	93.7	83.9	(10.4%) (9.8)	5.0	5.6	11.3% 0.6
Total	1,047.7	1,025.4	(2.1%) (22.3)	149.6	157.0	5.0% 7.4



Sales and Operating Income by Segment (Proportion)

Fiscal year
2012/4-2013/3



Capital expenditures and
Depreciation and amortization by Segment

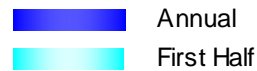
(Billions of Yen)

	Fiscal year 11/4-12/3	Fiscal year 12/4-13/3
Capital expenditures	87.2	86.8
PVC/Chlor- Alkali Business	18.3	18.5
Silicones Business	14.4	15.4
Specialty Chemicals Business	13.0	12.2
Semiconductor Silicon Business	23.6	14.8
Electronics & Functional Materials Business	14.6	22.0
Diversified Business	3.4	4.2
Depreciation and amortization	82.9	81.0
PVC/Chlor- Alkali Business	17.1	20.4
Silicones Business	8.0	8.2
Specialty Chemicals Business	8.8	8.9
Semiconductor Silicon Business	31.0	26.2
Electronics & Functional Materials Business	14.3	13.8
Diversified Business	3.9	3.7

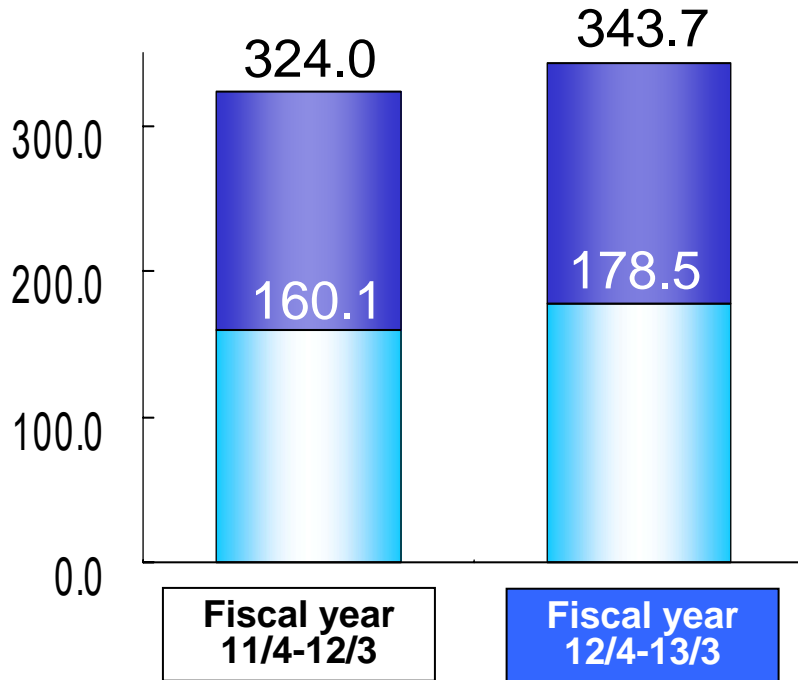


PVC/Chlor-Alkali Business Segment

Net Sales



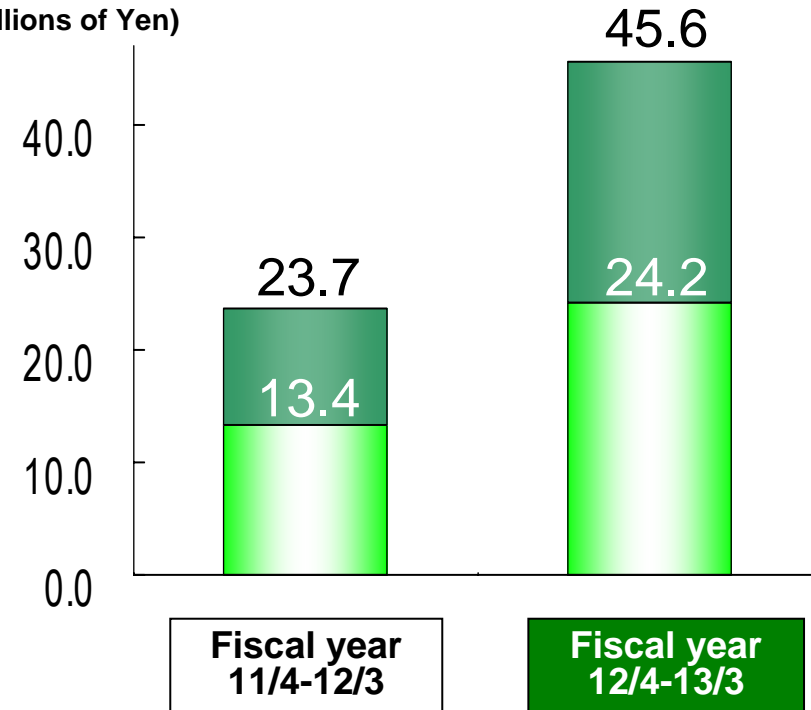
(Billions of Yen)



Operating Income



(Billions of Yen)



- With regard to the PVC business, although the recovery in demand in the U.S. remained at a low level, Shintech in the U.S. maintained a high level of shipments by expanding sales to its customers worldwide, starting with its customers in Central and South America, and its business performance increased greatly.
- Shin-Etsu PVC in the Netherlands also maintained its good shipments.
- The tough business situation in Japan continued due in part to sluggish demand and the effect of raw material price increases.

● ● ● | Silicones Business Segment

Net Sales

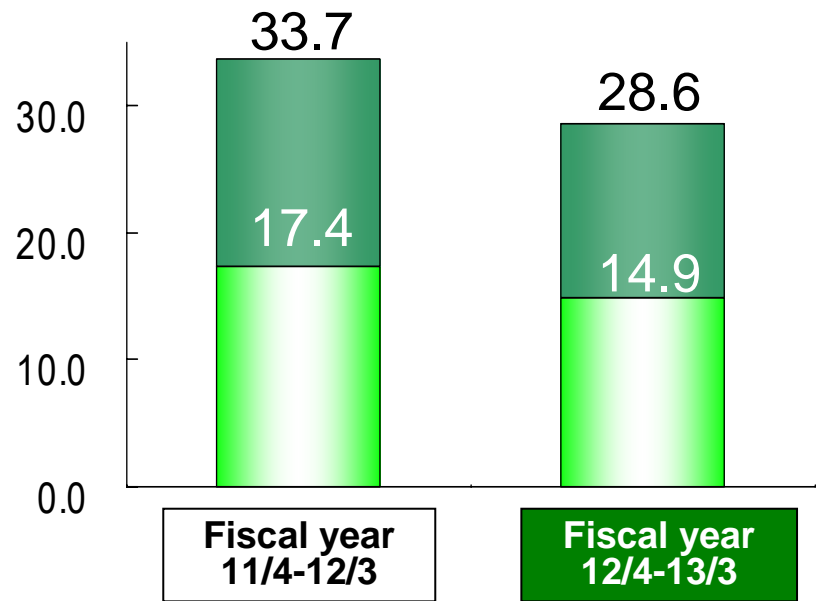
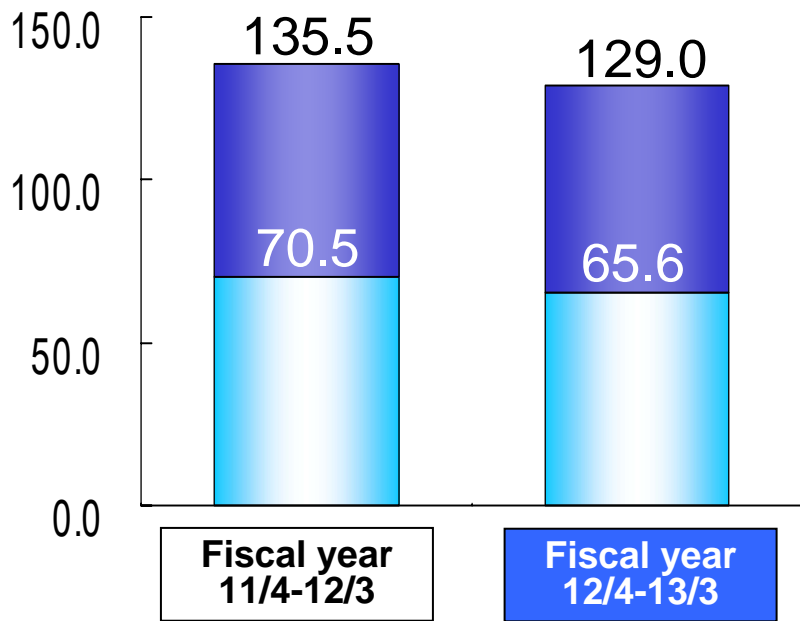


Operating Income



(Billions of Yen)

(Billions of Yen)



With regard to the silicones business, sales in Japan were firm for product applications in the cosmetics field. However, sales of product applications for the automobile field were sluggish from the latter half of FY 2013. In addition, sales of product applications for electronics equipment generally continued to be slow. On the other hand, in our silicones business outside of Japan, the business was strongly affected by a slump in market prices in the Asian region, such as in China.

● ● ● | Specialty Chemicals Business Segment

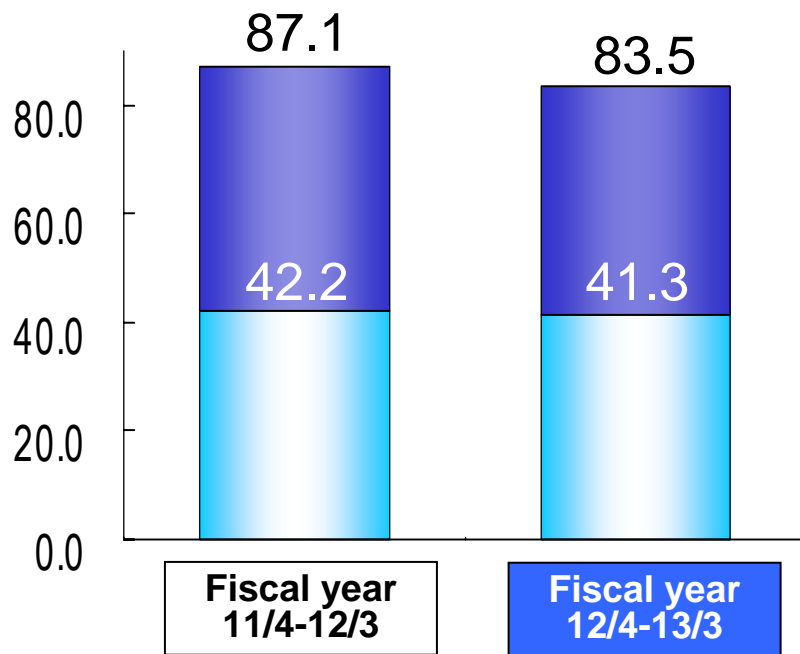
Net Sales

■ Annual
■ First Half

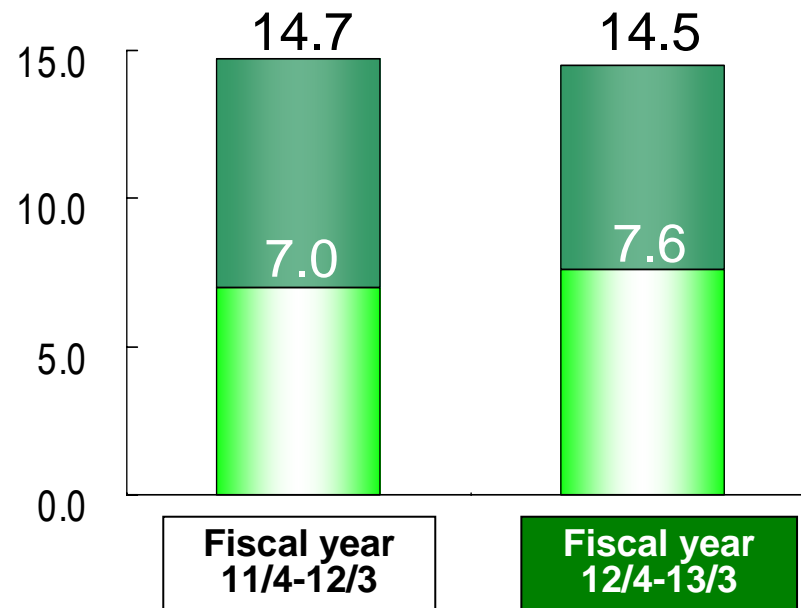
Operating Income

■ Annual
■ First Half

(Billions of Yen)



(Billions of Yen)



- With regard to cellulose derivatives, in Japan, this business continued to do well mainly in products for building and construction applications and for pharmaceutical-use, and in addition, the business of SE Tylose in Germany also continued to be firm, mainly in coating applications.
- The silicon metal business of Simcoa Operations in Australia was affected by a sluggish market.

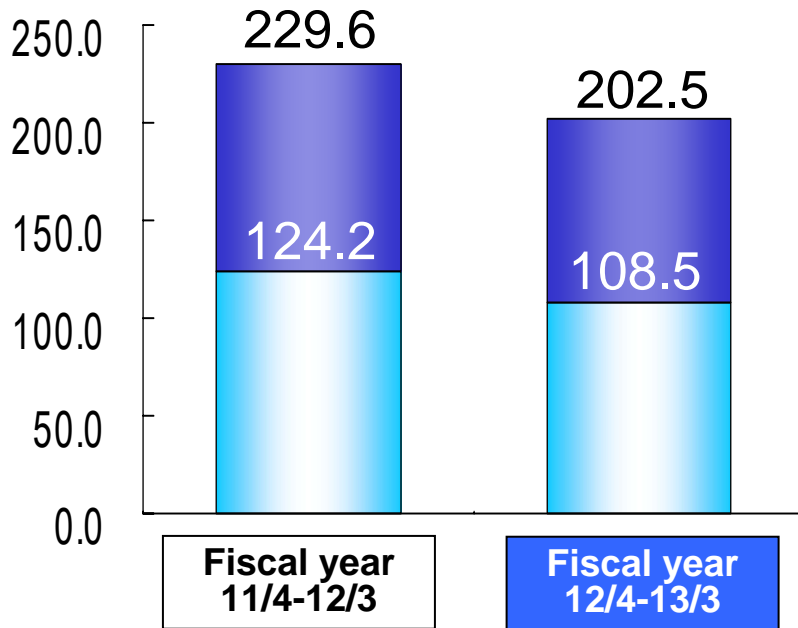


Semiconductor Silicon Business Segment

Net Sales

■ Annual
■ First Half

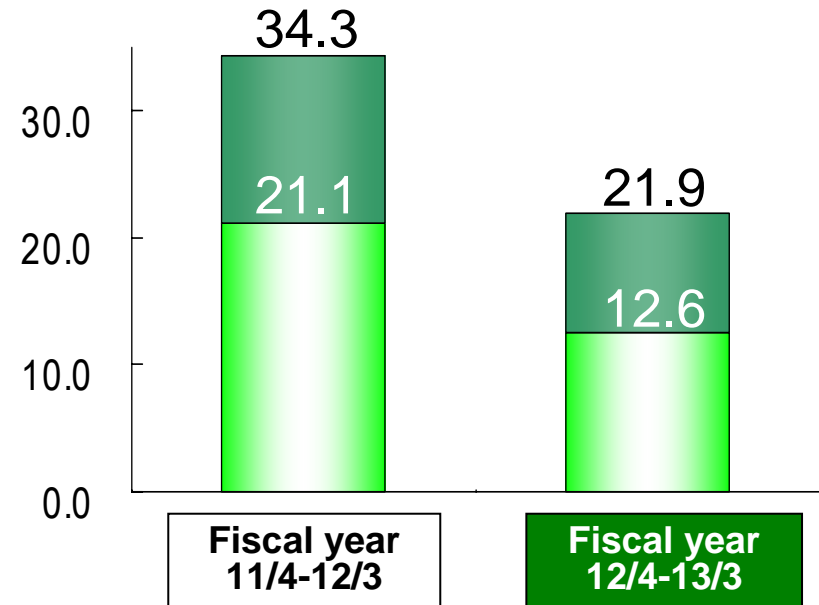
(Billions of Yen)



Operating Income

■ Annual
■ First Half

(Billions of Yen)



With regard to semiconductor silicon, although the demand for some cutting-edge semiconductor devices, such as smartphones and tablet PCs, remained strong, demand for consumer electronics products such as PCs and flat-panel TVs continued to be slow, and a severe business situation continued.

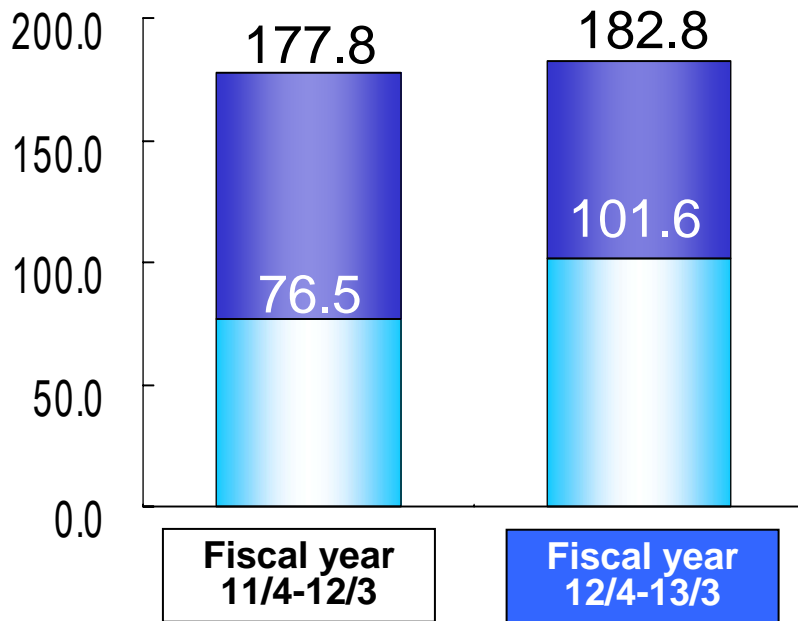


Electronics & Functional Materials Business Segment

Net Sales

■ Annual
■ First Half

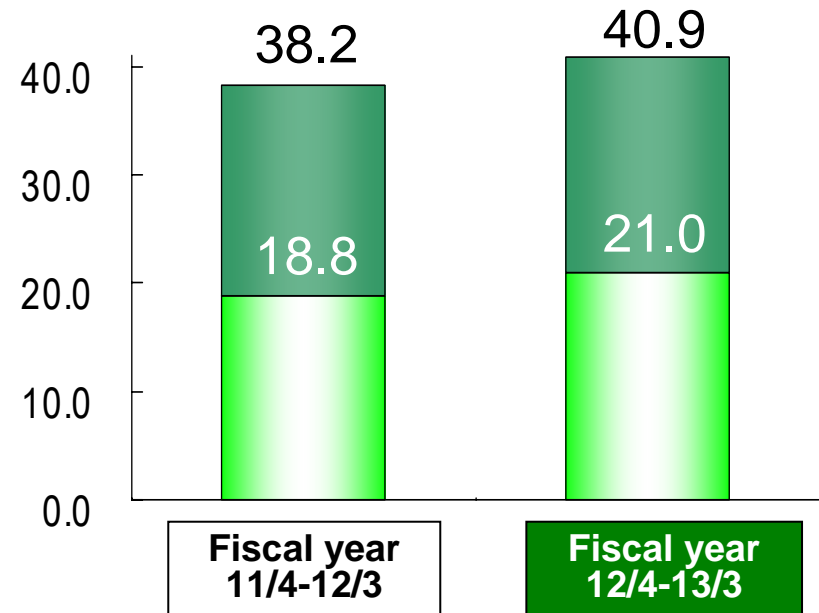
(Billions of Yen)



Operating Income

■ Annual
■ First Half

(Billions of Yen)



- With regard to the rare earth magnets business, although shipments of products for such applications as in hard disk drives and air-conditioners continued to be slow, shipments of products for applications in automobiles were strong, starting with hybrid vehicles.
- The photoresist products business continued to be good, aided by the progress in semiconductor device miniaturization.
- The business of materials for LED packaging continued to be firm.
- Shipments of optical fiber preform continued to be robust, contributed to by the operations of our new plant in China as well as continued strong demand.

● ● ● | Diversified Business Segment

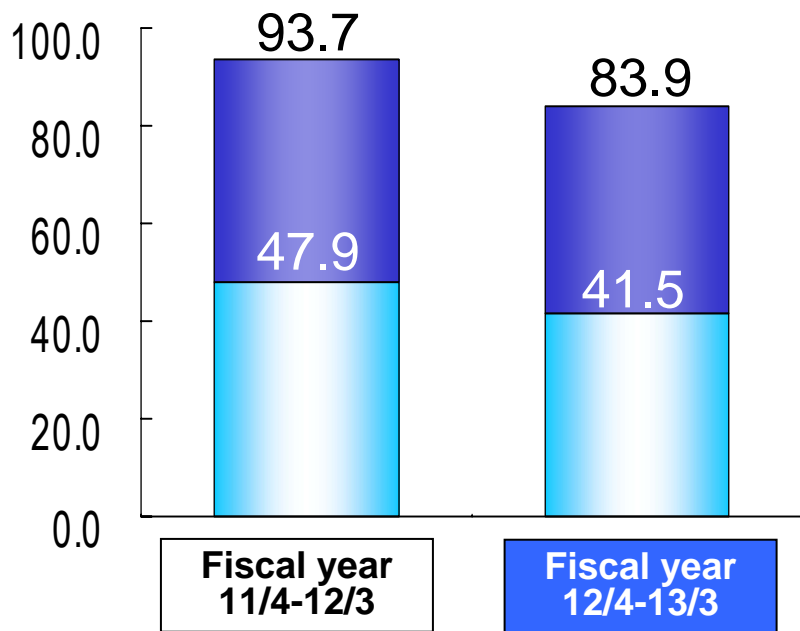
Net Sales

■ Annual
■ First Half

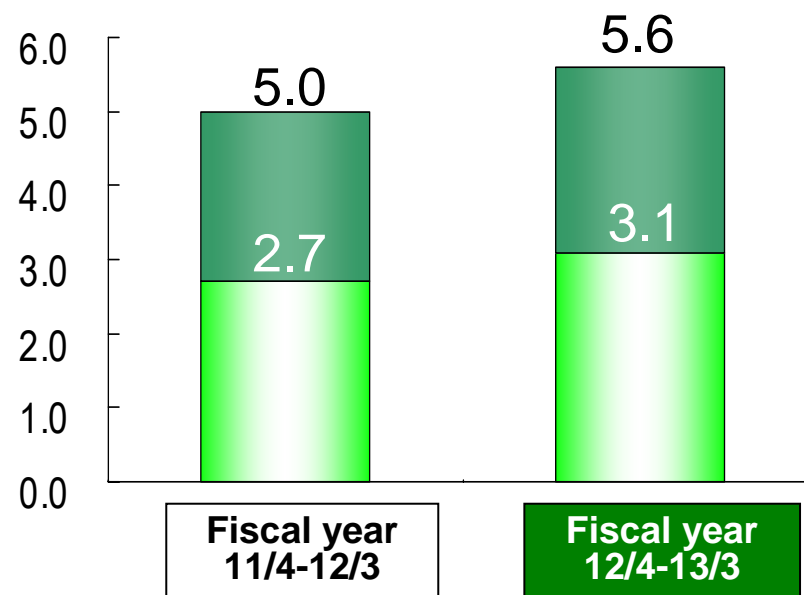
Operating Income

■ Annual
■ First Half

(Billions of Yen)



(Billions of Yen)



- Shin-Etsu Polymer Co., Ltd.'s business of keypads for automobile applications remained steady; however, the company's business of semiconductor wafer-related containers continued to be slow due to sluggish demand for semiconductor devices.

● ● ● | Quarterly Sales by Segment

(Sales)

(Billions of Yen)

	Fiscal year 11/4-12/3					Fiscal year 12/4-13/3				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
PVC/Chlor-Alkali Business	67.5	92.6	87.0	76.9	324.0	85.5	93.0	80.3	84.9	343.7
Silicones Business	35.5	35.0	31.6	33.4	135.5	32.2	33.4	31.4	32.0	129.0
Specialty Chemicals Business	20.8	21.4	22.7	22.2	87.1	21.5	19.8	20.8	21.4	83.5
Semiconductor Silicon Business	66.2	58.0	57.2	48.2	229.6	54.4	54.1	50.1	43.9	202.5
Electronics & Functional Materials Business	36.0	40.5	48.6	52.7	177.8	52.1	49.5	41.7	39.5	182.8
Diversified Business	24.0	23.9	22.9	22.9	93.7	20.8	20.7	21.1	21.3	83.9
Total	250.0	271.4	270.0	256.3	1,047.7	266.5	270.5	245.4	243.0	1,025.4

● ● ● | Quarterly Operating Income by Segment

(Operating Income)

(Billions of Yen)

	Fiscal year 11/4-12/3					Fiscal year 12/4-13/3				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
PVC/Chlor-Alkali Business	6.1	7.3	7.0	3.3	23.7	9.9	14.3	10.0	11.4	45.6
Silicones Business	9.2	8.2	7.1	9.2	33.7	7.5	7.4	7.0	6.7	28.6
Specialty Chemicals Business	3.5	3.5	3.5	4.2	14.7	3.9	3.7	3.3	3.6	14.5
Semiconductor Silicon Business	10.4	10.7	9.4	3.8	34.3	6.6	6.0	5.3	4.0	21.9
Electronics & Functional Materials Business	9.2	9.6	9.2	10.2	38.2	10.4	10.6	10.6	9.3	40.9
Diversified Business	1.7	1.0	1.0	1.3	5.0	1.8	1.3	1.4	1.1	5.6
Total	40.0	40.4	37.2	32.0	149.6	40.3	43.3	37.5	35.9	157.0

● ● ● | Operating Performance of Shintech, Inc.

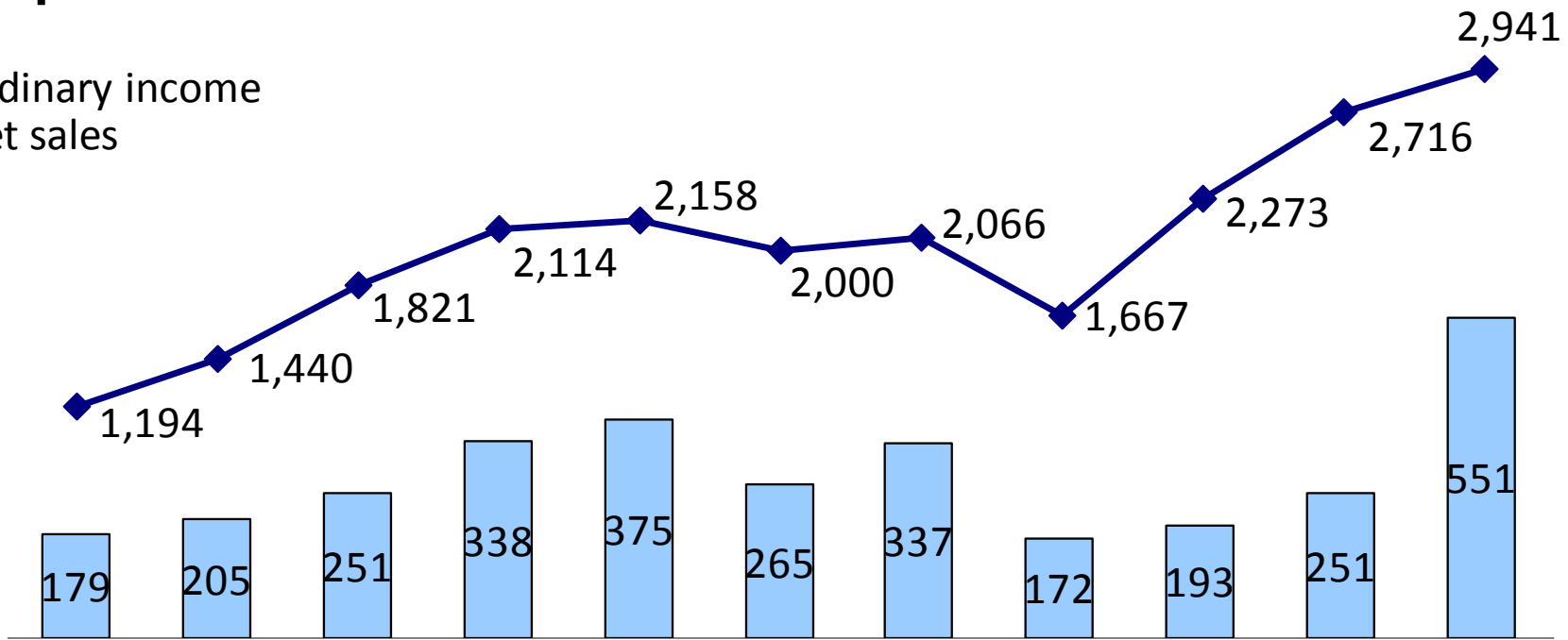
	Fiscal year 11/1-11/12		Fiscal year 12/1-12/12		Increase (Decrease) on US\$ basis
	Millions of US\$	Billions of Yen	Millions of US\$	Billions of Yen	
Net Sales	2,716	216.9	2,941	234.8	8.3%
Ordinary Income	251	20.1	551	44.0	2.2 times
Net Income	166	13.3	371	29.6	2.2 times
Net Assets	2,998	233.0	3,364	291.2	
Total Assets	4,243	329.9	4,422	382.9	

- Both on a U.S. dollar base and after conversion on a Japanese Yen base, these figures represent the highest level of profit the company has ever recorded.
- Ordinary income of US\$ 551 million was 2.2 times that of the previous fiscal year.

Exchange rate Jan-Dec (Average) : Fiscal year 11/1-11/12	79.8 Yen/US\$
Fiscal year 12/1-12/12	79.8 Yen/US\$

● ● ● | (Reference) Shintech historical performance (Millions of US\$)

■ Ordinary income
◆ Net sales



	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Net sales (A)	1,194	1,440	1,821	2,114	2,158	2,000	2,066	1,667	2,273	2,716	2,941
Ordinary income (B)	179	205	251	338	375	265	337	172	193	251	551
(B)/(A)	15%	14%	14%	16%	17%	13%	16%	10%	9%	9%	19%
U.S. Housing starts (thousands)	1,705	1,848	1,956	2,068	1,801	1,355	906	554	587	609	781

Comparative Income Statements (Consolidated)

(Billions of Yen)

	Fiscal year 11/4-12/3	Fiscal year 12/4-13/3	Increase (Decrease)
Net Sales	1,047.7	1,025.4	(2.1%) (22.3)
Cost of sales	798.6	769.4	(29.2)
Selling, general and administrative expenses	99.5	98.9	(0.6)
Operating Income	149.6	157.0	5.0% 7.4
Non-operating income/expenses	15.6	13.2	(2.4)
Ordinary Income	165.2	170.2	3.0% 5.0
Extraordinary Income	Note(2) { 5.5	-	(5.5)
Extraordinary loss	{ 16.1	Note(1) 6.1	(10.0)
Income Before Income Taxes	154.7	164.1	6.1% 9.4
Income taxes	54.2	56.8	2.6
Minority interests in earnings of consolidated subsidiaries	(0.1)	1.6	1.7
Net Income	100.6	105.7	5.0% 5.1

Notes: (1) Loss on sales of investment securities 6.1billion yen

(2) Extraordinary Income: Reversal of costs for earthquake 5.5 billion yen

Extraordinary Loss : Loss on impairment 6.2 billion yen

Loss on disaster (Fixed cost during stoppage of operation) 5.3 billion yen

Provision of allowance for doubtful accounts 4.6 billion yen

Comparative Balance Sheets (Consolidated)

(Billions of Yen)

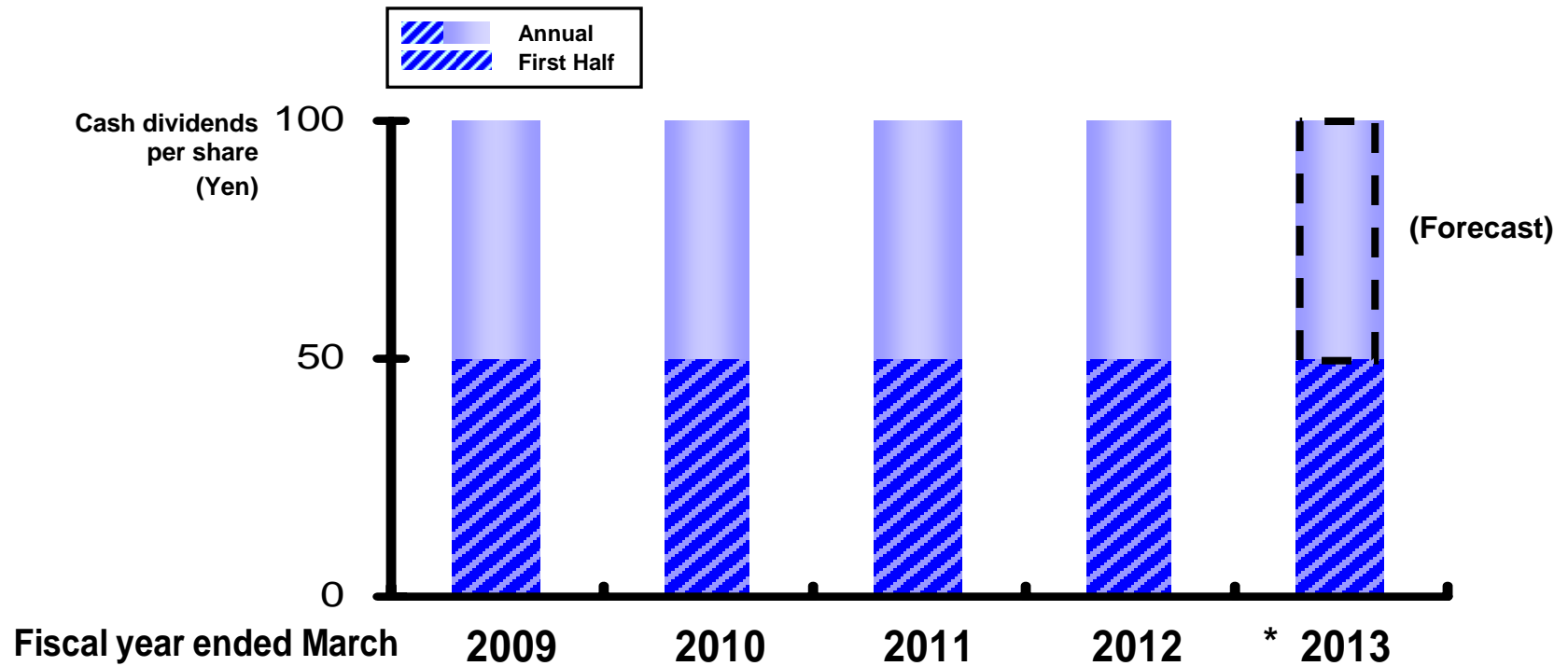
	March 31 2012	March 31 2013	Increase (Decrease)		March 31 2012	March 31 2013	Increase (Decrease)
Current Assets	942.2	1,032.5	90.3	Current Liabilities	247.4	199.6	(47.8)
Cash and time deposits	241.4	252.9	11.5	Notes and accounts payable-trade	109.4	100.2	(9.2)
Notes and accounts receivable-trade	264.3	243.8	(20.5)	Short-term borrowings	13.9	5.5	(8.4)
Securities	89.3	214.4	125.1	Accrued income taxes	34.8	6.2	(28.6)
Inventories	260.3	269.4	9.1	Other	89.4	87.7	(1.7)
Deferred taxes, current	34.6	27.5	(7.1)				
Other	52.3	24.5	(27.8)	Long-term Liabilities	67.8	98.1	30.3
Fixed Assets	867.6	888.4	20.8	Long-term debt	1.5	7.7	6.2
Property, Plant and Equipment	598.6	649.7	51.1	Deferred taxes, non-current	44.3	65.0	20.7
Machinery and equipment	330.7	357.0	26.3	Other	22.1	25.4	3.3
Other	267.9	292.7	24.8	Total liabilities	315.3	297.7	(17.6)
Intangible Fixed Assets	13.6	14.6	1.0	Stockholders' equity	1,642.4	1,678.5	36.1
Investments and Other Assets	255.5	224.1	(31.4)	Accumulated other comprehensive income	(189.0)	(102.4)	86.6
Investments in securities	154.1	129.6	(24.5)	Share subscription rights & Minority interests in consolidated subsidiaries	41.2	47.1	5.9
Other	101.3	94.5	(6.8)	Total net assets	1,494.6	1,623.2	128.6
Total assets	1,809.8	1,920.9	111.1	Total liabilities and net assets	1,809.8	1,920.9	111.1

Comparative Statements of Cash Flows (Consolidated)

(Billions of Yen)

	Fiscal year 11/4-12/3	Fiscal year 12/4-13/3	Increase (Decrease)
(1) Cash Flows from Operating Activities	96.6	235.6	139.0
Net Income	100.6	105.7	5.1
Depreciation and amortization	82.9	81.0	(1.9)
(Increase) decrease in working capital	(77.0)	49.3	126.3
Others	(9.9)	(0.4)	9.5
(2) Cash Flows from Investing Activities	(89.2)	(119.3)	(30.1)
Capital expenditures	(81.2)	(81.7)	(0.5)
Others	(8.0)	(37.6)	(29.6)
(3) Cash Flows from Financing Activities	(42.2)	(44.0)	(1.8)
Increase(Decrease) in borrowings	1.2	(2.4)	(3.6)
Cash dividends paid	(42.5)	(42.5)	0.0
Others	(0.9)	0.9	1.8
(4) Effect of Exchange Rate Changes on Cash and Cash Equivalents, and other	2.8	20.4	17.6
Net Increase (Decrease) in Cash and Cash Equivalents	(32.0)	92.7	124.7
Balance of Cash and Cash Equivalents	270.3	363.0	92.7
Balance of Interest-bearing Liabilities	15.3	13.2	(2.1)

● ● ● | Cash dividends per share



Cash dividends per share (in Yen)	First half	50	50	50	50	50
	Annual	100	100	100	100	* 100
Net income per share (in Yen)	First half	235.04	83.70	146.83	120.21	131.18
	Annual	362.39	197.53	235.80	237.03	248.94
Dividend payout ratio	Annual	27.6%	50.6%	42.4%	42.2%	40.2%

*Forecast

● ● ● | Appendix (For reference)

1) Average Exchange Rate

		US\$ (yen/\$)					EUR (yen/€)				
		Quarterly	6 months		12 months		Quarterly	6 months		12 months	
			Jan-Jun	Apr-Sep	Jan-Dec	Apr-Mar		Jan-Jun	Apr-Sep	Jan-Dec	Apr-Mar
			Jul-Dec	Oct-Mar				Jul-Dec	Oct-Mar		
2011	Jan-Mar	82.3	82.0	79.8	79.8	79.1	112.6	115.0	113.8	111.1	109.0
	Apr-Jun	81.7					117.4				
	Jul-Sep	77.9	77.7	78.3	83.1	110.2	107.3	104.2	102.6		
	Oct-Dec	77.4				104.3					
2012	Jan-Mar	79.3	79.7	79.4	79.8	83.1	104.0	103.4	100.6	102.6	107.1
	Apr-Jun	80.2					102.9				
	Jul-Sep	78.6	79.9	86.8	83.1	98.4	101.8	113.7	102.6		
	Oct-Dec	81.2				105.3					
2013	Jan-Mar	92.4					122.0				

Note: An average exchange rate between January and December was used for the Consolidated income Statements of overseas subsidiaries.

● ● ● | Appendix (For reference)

2) Sales by Region

(Billions of Yen)

	Japan	Overseas					Total	Total Consolidated Net Sales
		U.S.	Asia/Oceania		Europe	Other Areas		
			China					
Fiscal year 11/4-12/3	35%	15%	28%	10%	12%	10%	65%	1,047.7
	366.3	159.6	288.1	107.6	130.9	102.7	681.4	
Fiscal year 12/4-13/3	33%	18%	29%	10%	11%	9%	67%	1,025.4
	334.3	190.4	295.0	100.1	114.5	91.1	691.1	

Note: % indicates the proportion of total consolidated net sales.

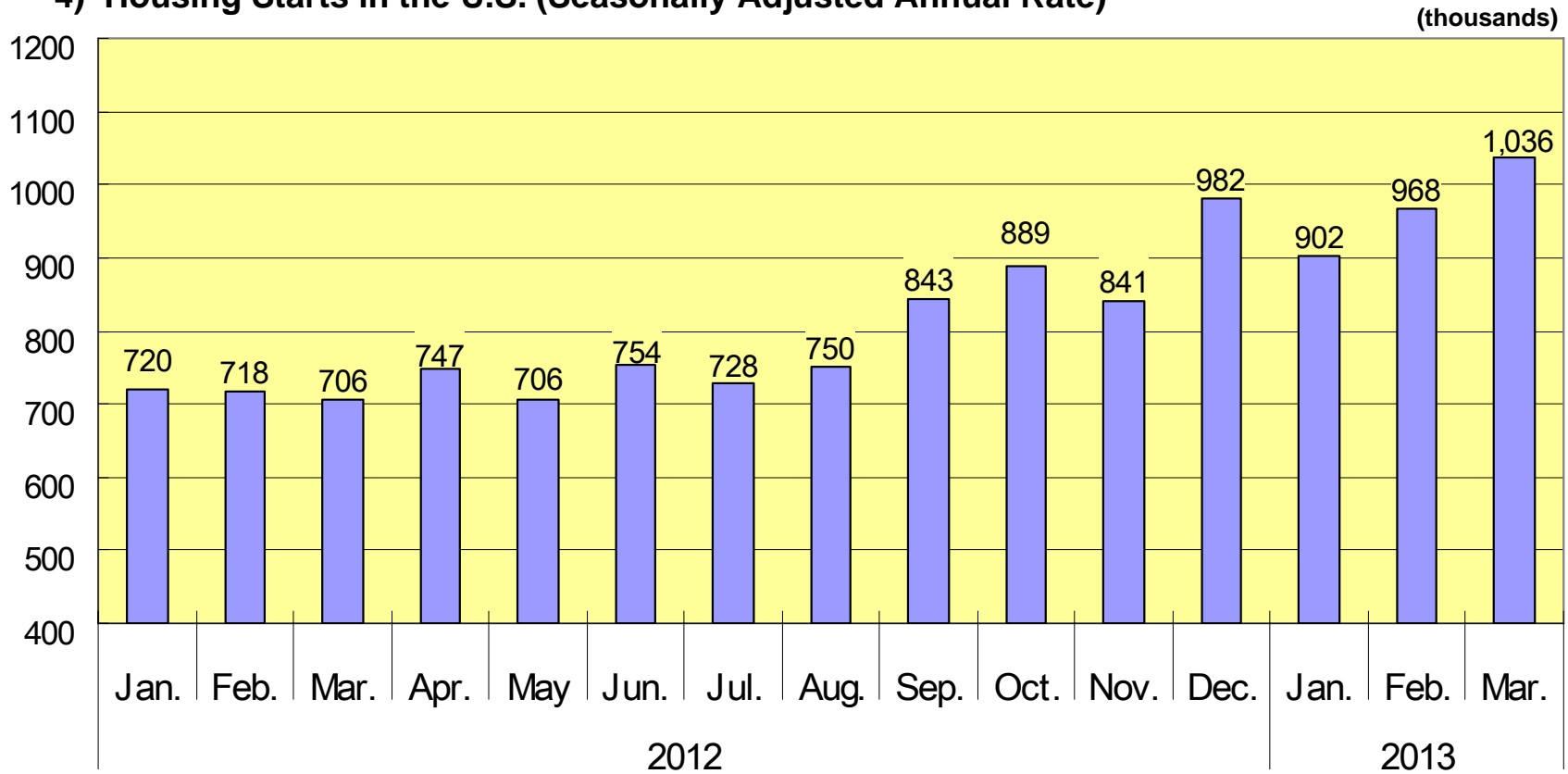
3) Assets by Segments

(Billions of Yen)

	PVC/ Chlor-Alkali Business	Silicones Business	Speciality Chemicals Business	Semiconductor Silicon Business	Electronics & Functional Materials Business	Diversified Business	Corporate assets	Consolidated total
March 31 2012	394.1	156.2	140.2	517.3	236.9	151.6	213.5	1,809.8
March 31 2013	458.9	165.0	156.3	514.2	203.0	149.5	274.0	1,920.9

● ● ● | Appendix (For reference)

4) Housing Starts in the U.S. (Seasonally Adjusted Annual Rate)



Annual Trend of the Housing Starts in the U.S. (10 years history)

(thousands)

2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
1,848	1,956	2,068	1,801	1,355	906	554	587	609	781

* Source from United States Department of Commerce

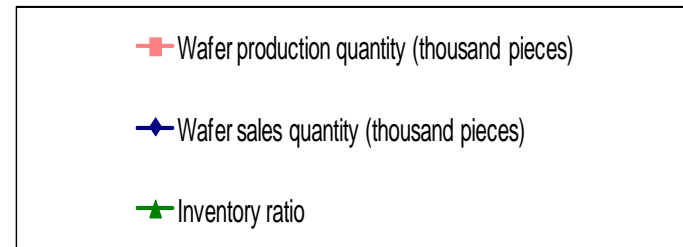
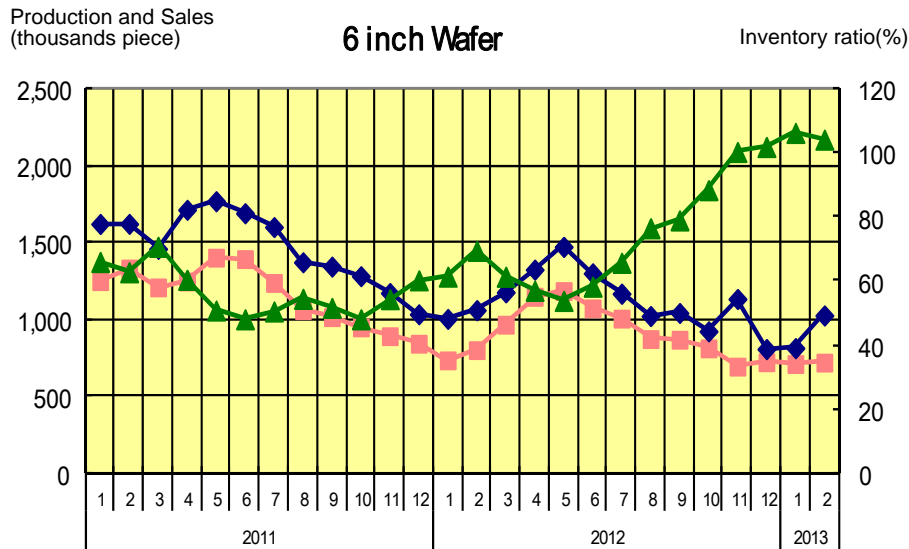
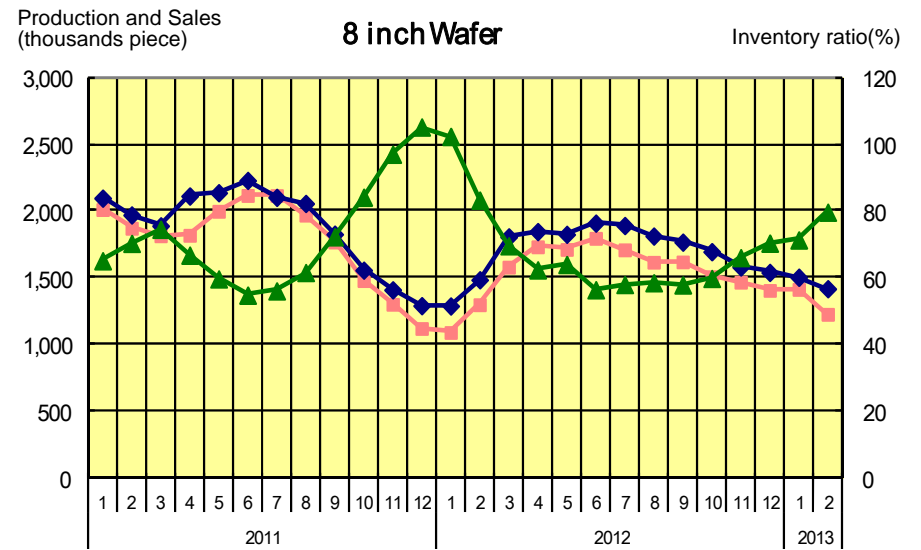
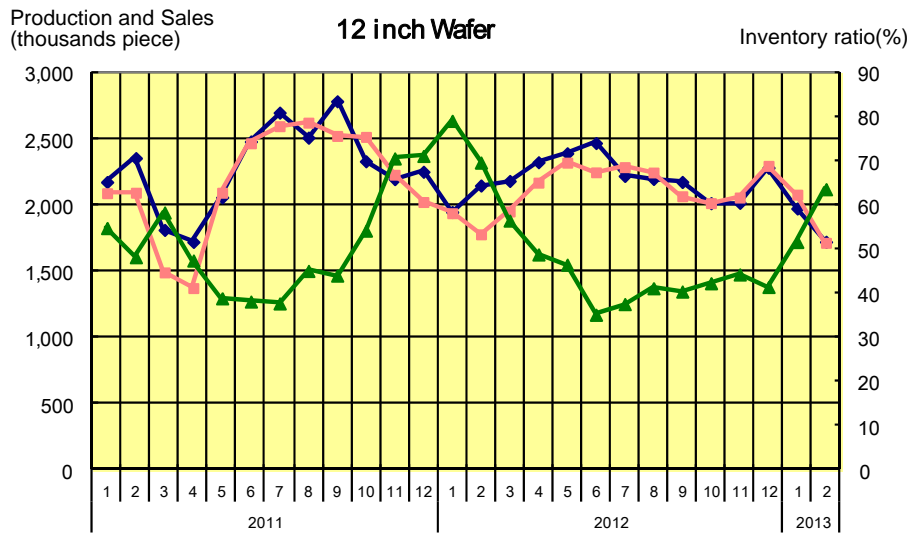
5) Trend of Naphtha Price Traded in Japan

(Yen / KL)

FY2012 2011/4-2012/3				FY2013 2012/4-2013/3			
Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	(2012) Jan.-Mar.	Apr.-Jun.	Jul.-Sep.	Oct.-Dec.	(2013) Jan.-Mar.
59,000	55,000	51,700	54,100	60,600	49,800	55,800	63,500 (est)

* Calculated by Shin-Etsu Chemical (source from Ministry of Finance Japan)

6) The Statistics Data of Silicon Wafers Produced in Japan (for each size)



* Source from Ministry of Economy, Trade and Industry and Japan Society of Newer Metals



7) Recent Topics (Apr. 1, 2012~Apr. 23, 2013)

- May. 2012** SE-Tylose, a 100%-owned subsidiary of Shin-Etsu Chemical Co., Ltd. decided to establish a manufacturing plant for hydroxyethyl cellulose (HEC) in the U.S.
- Sep. 2012** *Shin-Etsu Chemical announced a price increase for PVC supplied to customers in Japan due to rises in the price of its raw materials.
- Oct. 2012** Shin-Etsu Chemical entered into a Share Purchase Agreement concerning the purchase of shares of NanoCarrier Co., Ltd.
- Nov. 2012** Shin-Etsu Chemical announced agreement formalized on the reorganization of Kashima Chlorine & Alkali Co., Ltd. and Kashima Vinyl Chloride Monomer Co., Ltd.
- Dec. 2012** *Shin-Etsu Chemical announced a price increase for PVC supplied to customers in Japan due to rises in the price of its raw materials.
- Feb. 2013** Shin-Etsu Chemical developed a high refractive index silicone encapsulating material and silicone-mounting board for high-brightness LEDs.

★ For details other than *, please refer to news releases related to these matters on our website at <http://www.shinetsu.co.jp/e/>

8) Progress of capital investment projects outside Japan

(As of Apr. 25, 2013)

Shin-Etsu (Jiangsu) Optical Preform Co., Ltd.

(Jiangyin, Jiangsu Province, China)

- Completed a plant to produce the equivalent of 8,000,000 km/year of optical fiber.
- Started test runs in Feb. 2012, and now is operating at full utilization.

Shin-Etsu Silicone (Nantong) Co., Ltd.

(Nantong, Jiangsu Province, China)

- Started operations at some facilities in its plant, which has a capacity of 25,000 tons/year for silicone rubber products.
- Have been operating to meet the market demand.

SE-Tylose GmbH & Co. KG

(Louisiana, U.S.)

- Construction underway of a manufacturing plant for hydroxyethyl cellulose (HEC) with a production capacity of 9,000tons/year.
- Start of operations: Scheduled in 2014.

Shin-Etsu Electronics Materials Vietnam Co., Ltd.

(Hung Yen Province, Vietnam)

- Will shortly complete construction of a plant for silicone-based encapsulating materials and reflectors for LEDs.
- Test runs will start soon after the completion.

Shin-Etsu (Changting) Technology Co., Ltd.

(Longyan, Fujian Province, China)

- Completed construction of a 3,000tons/year-capacity plant for magnet alloys used for the manufacture of rare earth magnets, and started production and sales in Mar. 2013.

Shin-Etsu Magnetic Materials Vietnam Co., Ltd.

(Hai Phong Province, Vietnam)

- Completed construction of a plant for the separation and refinement of rare earths in Mar. 2013 and now test run is being conducted.

Simcoa Operations Pty. Ltd.

(Western Australia, Australia)

- Completed expansion of silicon metal production capacity from 32,000 to 48,000 tons.
- Started test runs from Sep. 2012, and now is operating at full utilization.