

Listing Code: No. 4063 (URL: <http://www.shinetsu.co.jp/>)

Listing Stock Exchange: Tokyo and Nagoya

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Date of dividend payment: November 18, 2015

Preparation of supplemental explanatory materials: Yes

Holding of quarterly financial results meeting: Yes (for investment analysts and institutional investors)

Amounts are stated in millions of yen by discarding fractional amounts less than 1 million.

Percentage figures indicate increase (decrease) over previous corresponding period.

1. Consolidated Operating Performance for the First Half Ended September 30, 2015

(From April 1, 2015 to September 30, 2015)

(1) Results of consolidated operations

(Millions of yen)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Amount	%	Amount	%	Amount	%	Amount	%
April - September 2015	645,836	7.0%	109,816	12.5%	113,020	11.7%	76,633	13.4%
April - September 2014	603,727	5.5%	97,614	5.8%	101,141	3.9%	67,589	5.9%

(Note) Comprehensive income (Millions of yen) From April 1, 2015 to September 30, 2015: 73,805 [62.4%]
From April 1, 2014 to September 30, 2014: 45,447 [(67.4%)]

	Basic earnings per share (yen)	Diluted earnings per share (yen)
April - September 2015	179.93	179.91
April - September 2014	158.77	158.73

(2) Consolidated financial position

(Millions of yen)

	Total assets	Net assets	Stockholders' equity ratio	Net assets per share (yen)
September 30, 2015	2,491,071	2,065,551	80.8%	4,723.65
March 31, 2015	2,452,306	2,012,711	79.9%	4,602.80

(Note) Stockholders' equity (Millions of yen) As of September 30, 2015: 2,011,863 As of March 31, 2015: 1,960,329
Stockholders' equity used for the calculation of indices is net assets excluding both share subscription rights and non-controlling interests in consolidated subsidiaries.

2. Cash Dividends

	Cash dividends per share in the fiscal year (yen)				
	1 st quarter	2 nd quarter	3 rd quarter	Year-end	Fiscal year
April 2014 - March 2015	-	50.00	-	50.00	100.00
April 2015 - March 2016	-	55.00			
April 2015 - March 2016 (forecast)			-	55.00	110.00

(Note) Revision of the latest forecast of cash dividends: No

3. Forecast of Consolidated Operating Performance for the Fiscal Year Ending March 31, 2016

(From April 1, 2015 to March 31, 2016)

(Millions of yen)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share (yen)	
	Amount	%	Amount	%	Amount	%	Amount	%	Amount	%
Fiscal year	1,270,000	1.2%	197,000	6.3%	210,000	6.0%	140,000	8.9%	328.71	

(Note) Revision of the latest forecast of consolidated operating performance: No

Forward-looking statements such as the forecast of results of operations made in this document involves risks and uncertainties since they are based on management's assumptions and beliefs in light of the information currently available to it. The reader should be aware that actual results may be materially different from any future results expressed herein due to various factors. Material factors affecting the actual results may include overall economic conditions in which the businesses of our company and our group companies are involved, the relevant market trends and fluctuations in foreign exchange rates of the yen, in particular, the exchange rate between the U.S. dollar and the yen; provided, however, that such factors as may affect results of operations are not limited to those enumerated above.

4. Notes

(1) Changes in significant subsidiaries during the first half ended September 30, 2015: No

(Note) This item indicates whether there were changes in significant subsidiaries affecting the scope of consolidation during the first half ended September 30, 2015.

(2) Adoption of special accounting methods for presenting quarterly consolidated financial statements: No

(3) Changes in accounting policies applied, changes in accounting estimates and retrospective restatement

Changes in accounting policies applied due to revisions of accounting standards: Yes

Changes in accounting policies other than the above: No

Changes in accounting estimates: No

Retrospective restatement: No

(Note) Please see “2. Other Information” on page 4 for further details.

(4) Number of shares outstanding (common stock)

	September 30, 2015	March 31, 2015
Number of shares outstanding at period end	432,106,693	432,106,693
Number of shares of treasury stock at period end	6,193,722	6,207,027
	April - September 2015	April - September 2014
Weighted-average number of shares outstanding over period	425,908,128	425,722,688

(Information regarding the implementation of quarterly review procedures)

The financial information contained in this report on the quarterly financial results is not subject to quarterly review procedures by independent auditors in accordance with the Financial Instruments and Exchange Law. At the time of issuing this report, the quarterly review procedures are in progress.

(Attached Documents)

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Appendix: Quarterly Operating Results

1. Qualitative Information Regarding Quarterly Results

(1) Explanation Regarding the Operating Results

With regard to the world economy, during the first half of FY 2016 (April 1, 2015 to September 30, 2015), although in the U.S. the recovery of the economy continued, the European economy turned out to be lacking in strength, and a sluggish tendency was seen in the emerging economies, such as those in the Asian region. With regard to the Japanese economy, it moved along a gradual recovery track as seen in such indications as an improvement in the employment situation and a recovery in consumer spending.

In these circumstances, the Shin-Etsu Group aggressively promoted sales to its wide range of customers around the world and expanded its global manufacturing bases. At the same time, we assiduously worked on the enhancement of our technologies and product quality. In addition, we focused on developing new products that have special characteristics and also on stably securing raw materials.

As a result, the consolidated business results for the first half of FY 2016 show that net sales increased by 7.0% (¥42,109 million) compared with the same fiscal period last year to ¥645,836 million. Compared with the performance of the same fiscal period last year, operating income increased by 12.5% (¥12,202 million) to ¥109,816 million, ordinary income increased by 11.7% (¥11,879 million) to ¥113,020 million and profit attributable to owners of parent increased by 13.4% (¥9,044 million) to ¥76,633 million.

PVC/Chlor-Alkali Business

With regard to the PVC business, Shintech in the U.S. aggressively carried out sales to its worldwide customers in addition to those in the U.S., where a recovery was seen in the housing market, and its shipments continued to be firm. Shin-Etsu PVC in the Netherlands was affected by facility problems that occurred at a raw materials supplier during the latter half of the last fiscal term and the effects continued in the first half of FY 2016. In Japan, although exports increased, domestic housing-related demand was slow.

As a result, compared with the first half of FY 2015, net sales for this business segment increased by 3.6% (¥7,603 million) to ¥220,606 million and operating income decreased by 16.4% (¥4,708 million) to ¥23,929 million.

Silicones Business

With regard to the silicones business, in Japan, although a slowdown was seen in some product applications in the automobile, electric and electronics fields, in a wide range of fields, including cosmetics applications, shipments were firm. Our silicones business outside of Japan continued to do well, particularly for highly functional silicone products for Europe, the U.S. and Southeast Asia.

As a result, compared with the first half of FY 2015, net sales for this business segment increased by 10.5% (¥9,044 million) to ¥95,132 million and operating income increased by 12.3% (¥2,246 million) to ¥20,557 million.

Specialty Chemicals Business

With regard to cellulose derivatives, in Japan, a recovery was seen in sales of products for construction materials, and shipments of pharmaceutical-use products were also firm. The business of SE Tylose in Germany continued to be steady, mainly for coatings products. The business of Simcoa Operations in Australia continued to be good, aided by the upturn in the silicon metal market.

As a result, compared with the first half of FY 2015, net sales for this business segment increased by 10.6% (¥5,702 million) to ¥59,747 million and operating income increased by 35.1% (¥2,571 million) to ¥9,892 million.

Semiconductor Silicon Business

With regard to semiconductor silicon, during the latter half of the first half of FY 2016, the business was affected by inventory adjustments of logic devices caused by a slowdown in smartphone demand. However, applications for memory devices continued to do well, and shipments as a whole were firm.

As a result, compared with the first half of FY 2015, net sales for this business segment increased by 13.2% (¥14,674 million) to ¥126,100 million and operating income increased by 66.1% (¥10,756 million) to ¥27,032 million.

Electronics & Functional Materials Business

With regard to the rare earth magnets business, products for applications in automobiles continued to be firm, starting with those for hybrid cars; however, products for applications in industrial equipment and air-conditioners were slow. With regard to the photoresist products business, ArF resists and trilayer materials continued to be steady, aided by the progress in semiconductor device miniaturization. The business of materials for LED packaging continued to be firm, and optical fiber preform also continued good shipments.

As a result, compared with the first half of FY 2015, net sales for this business segment increased by 4.4% (¥3,959 million) to ¥94,855 million and operating income increased by 3.8% (¥926 million) to ¥25,072 million.

Diversified Business

Shin-Etsu Polymer Co., Ltd.'s business of input devices for automobiles and semiconductor wafer-related containers continued to be firm. In addition, the engineering business of Shin-Etsu Engineering Co., Ltd. also continued to be steady.

As a result, compared with the first half of FY 2015, net sales for this business segment increased by 2.3% (¥1,126 million) to ¥49,393 million and operating income increased by 5.0% (¥147 million) to ¥3,069 million.

(2) Explanation Regarding Information Relevant to Forecasts such as Consolidated

Business Forecast

With regard to the world economy, although a recovery is expected to continue in the U.S., there are concerns about the effects of Europe's financial problems and the slowdown of emerging economies, starting with China, and the future direction is uncertain. In Japan as well, the situation is such that it does not allow for optimism because of such concerns as what the effects of the world economy's downward movement will be.

Among the main products of the Shin-Etsu Group there are products that will be greatly affected by changes in market conditions and fluctuations in raw materials prices. In addition, over 70% of the Group's sales consist of sales outside of Japan, and exchange rate fluctuations affect our company's business and also affect us when converting Shin-Etsu Chemical's overseas Group companies' business results into yen.

Faced with such a global economic environment, the Shin-Etsu Group will carefully focus on developments in world markets and aggressively expand our sales activities while accurately capturing the growth in demand. At the same time, we will further accelerate the development of our global business by such means as constructing manufacturing bases at optimal locations in the world and strengthening and expanding existing facilities. Furthermore, we will aim to build a strong business foundation by further focusing on enhancing productivity and product quality. We will develop products that have special characteristics, and we will also strive to assure the stable securing of raw materials.

With regard to the forecast for the FY 2016 consolidated business results, there is no change in the forecast we announced on July 23, 2015.

2. Other Information

Changes in accounting policies applied, changes in accounting estimates and retrospective restatement

Changes in accounting policies

Effective from the beginning of the first quarter of FY 2016, Shin-Etsu Chemical adopted the "Revised Accounting Standard for Business Combinations" (Accounting Standards Board of Japan (ASBJ) Statement No.21, issued September 13, 2013, hereinafter referred to as the "Accounting Standard for Business Combinations"), "Revised Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No.22, issued September 13, 2013, hereinafter referred to as the "Accounting Standard for Consolidation") and "Revised Accounting Standard for Business Divestitures" (ASBJ Statement No.7, issued September 13, 2013, hereinafter referred to as the "Accounting Standard for Business Divestitures").

In applying these revised accounting standards, the Company records any differences arising from changes in ownership interest in a subsidiary when it retains control as capital surplus and the corresponding acquisition-related costs are recognized as expenses when incurred. Also, regarding business combinations conducted after the beginning of the first quarter of FY 2016, the disclosure method was revised with regard to the retrospective adjustment of purchase price allocation based on provisional accounting applicable to the quarterly consolidated financial statements of the fiscal period in which the business combination occurred. In addition, the presentation method of net income was amended and the reference to "minority interests" was changed to "non-controlling interests". To reflect these changes in presentation, the quarterly consolidated financial statements and consolidated financial statements in the previous fiscal year have been reclassified.

Concerning the application of the Accounting Standard for Business Combinations and others, based on the provisional treatment set out in Section 58-2(4) of the Accounting Standard for Business Combinations, in Section 44-5(4) of the Accounting Standard for Consolidation and in Section 57-4(4) of the Accounting Standard for Business Divestitures, these changes are effective from the beginning of the first quarter of FY 2016. The impact of these changes on operating income, ordinary income and income before income taxes for the six months ended September 30, 2015 and capital surplus as of September 30, 2015 is immaterial.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheets

As of March 31 and September 30, 2015

	Millions of yen	
	March 31, 2015	September 30, 2015
ASSETS		
Current Assets:		
Cash and time deposits	461,489	455,857
Notes and accounts receivable-trade	292,748	288,157
Securities	304,180	351,093
Inventories	276,910	281,598
Other	75,091	75,303
Less: Allowance for doubtful accounts	(10,575)	(10,993)
Total current assets	1,399,846	1,441,017
Fixed Assets:		
Property, plant and equipment		
Machinery and equipment, net	441,123	428,700
Other, net	343,286	358,845
Total property, plant and equipment	784,409	787,545
Intangible assets	18,012	16,546
Investments and other assets:		
Investments and other assets	251,433	247,364
Less: Allowance for doubtful accounts	(1,394)	(1,403)
Total investments and other assets	250,038	245,961
Total fixed assets	1,052,460	1,050,053
TOTAL ASSETS	2,452,306	2,491,071

	Millions of yen	
	March 31, 2015	September 30, 2015
LIABILITIES		
Current Liabilities:		
Notes and accounts payable-trade	120,694	118,700
Short-term borrowings	6,825	8,028
Accrued income taxes	33,554	37,480
Allowances	3,235	3,045
Other	134,537	119,448
	298,846	286,702
Long-term Liabilities:		
Long-term debt	7,116	5,730
Allowances	266	268
Net defined benefit liability	33,401	35,176
Other	99,964	97,642
	140,748	138,817
	439,594	425,519
NET ASSETS		
Stockholders' Equity:		
Common stock	119,419	119,419
Additional paid-in capital	128,572	128,555
Retained earnings	1,626,873	1,682,261
Less: Treasury stock, at cost	(33,837)	(33,766)
	1,841,029	1,896,469
Accumulated Other Comprehensive Income:		
Unrealized gains (losses) on available-for-sale securities	22,349	18,164
Deferred gains (losses) on hedges	(91)	590
Foreign currency translation adjustments	100,425	99,160
Remeasurements of defined benefit plans	(3,382)	(2,520)
	119,300	115,394
Share Subscription Rights	139	317
Non-Controlling Interests in Consolidated Subsidiaries	52,242	53,370
	2,012,711	2,065,551
	2,452,306	2,491,071

(2) Consolidated Statements of Income and Statements of Comprehensive Income

Consolidated Statements of Income

For the first half ended September 30, 2014 and 2015

	Millions of yen	
	April 1, 2014 - September 30, 2014	April 1, 2015 - September 30, 2015
Net sales	603,727	645,836
Cost of sales	444,124	466,661
Gross profit	159,603	179,175
Selling, general and administrative expenses	61,988	69,358
Operating income	97,614	109,816
Non-operating income:		
Interest income	1,757	1,913
Dividend income	1,095	2,402
Other income	5,210	4,498
Total non-operating income	8,062	8,814
Non-operating expenses	4,536	5,610
Ordinary income	101,141	113,020
Income before income taxes and non-controlling interests	101,141	113,020
Income taxes:		
Current	33,049	40,344
Deferred	(237)	(5,040)
Total income taxes	32,811	35,304
Profit	68,329	77,716
Profit attributable to non-controlling interests	739	1,082
Profit attributable to owners of parent	67,589	76,633

Consolidated Statements of Comprehensive Income

For the first half ended September 30, 2014 and 2015

	Millions of yen	
	April 1, 2014 - September 30, 2014	April 1, 2015 - September 30, 2015
Profit	68,329	77,716
Other comprehensive income:		
Unrealized gains (losses) on available-for-sale securities	4,609	(4,221)
Deferred gains (losses) on hedges	(296)	681
Foreign currency translation adjustments	(27,341)	(1,303)
Remeasurements of defined benefit plans	217	855
Share of other comprehensive income of affiliates accounted for using the equity method	(71)	76
Total other comprehensive income	(22,882)	(3,911)
Comprehensive income	45,447	73,805
(Breakdown)		
Comprehensive income attributable to owners of parent	45,532	72,727
Comprehensive income attributable to non-controlling interests	(85)	1,077

(3) Consolidated Statements of Cash Flows

For the first half ended September 30, 2014 and 2015

	Millions of yen	
	April 1, 2014 - September 30, 2014	April 1, 2015 - September 30, 2015
Cash flows from operating activities:		
Income before income taxes	101,141	113,020
Depreciation and amortization	46,389	50,999
Interest and dividend income	(2,852)	(4,315)
(Increase) decrease in notes and accounts receivable	(16,991)	5,370
(Increase) decrease in inventories	17,500	(4,779)
Increase (decrease) in notes and accounts payable	4,931	(2,688)
Other, net	996	23,241
Subtotal	151,114	180,849
Proceeds from interest and dividends	3,459	4,994
Payments of interest	(307)	(216)
Payments of income taxes	(37,584)	(36,585)
Net cash provided by operating activities	116,681	149,041
Cash flows from investing activities:		
Net (increase) decrease in marketable securities	(55,670)	(44,070)
Purchases of property, plant and equipment	(34,945)	(76,252)
Purchases of investments in securities	(402)	(1,146)
Proceeds from sales and redemption of investments in securities	67	5,133
Other, net	(4,420)	(12,094)
Net cash used for investing activities	(95,371)	(128,430)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	(952)	33
Repayments of long-term debt	(135)	(232)
Cash dividends paid	(21,284)	(21,294)
Other, net	(52)	(361)
Net cash used for financing activities	(22,425)	(21,855)
Effect of exchange rate changes on cash and cash equivalents	(5,075)	(1,137)
Net increase (decrease) in cash and cash equivalents	(6,191)	(2,382)
Cash and cash equivalents at beginning of period	362,560	423,846
Increase (decrease) in cash and cash equivalents resulting from changes in scope of consolidation	-	167
Cash and cash equivalents at end of period	356,368	421,632

(4) Notes to Consolidated Financial Statements

(Notes on Premise of Going Concern)

Not applicable

(Notes on Significant Changes in Stockholders' Equity)

Not applicable

(Segment Information)

Information on sales, income (loss) and other items of reportable segments

1) For the first half ended September 30, 2015 (From April 1, 2015 to September 30, 2015)

	Millions of yen								Figures in consolidated financial statements
	April 1, 2015 - September 30, 2015								
	PVC/Chlor-Alkali	Silicones	Specialty Chemicals	Semiconductor Silicon	Electronics & Functional Materials	Diversified	Total	Adjustment*	
Sales to outside customers	220,606	95,132	59,747	126,100	94,855	49,393	645,836	-	645,836
Intersegment sales	1,635	2,830	6,625	2	4,126	34,761	49,981	(49,981)	-
Total	222,242	97,962	66,373	126,102	98,982	84,154	695,818	(49,981)	645,836
Segment income (Operating income)	23,929	20,557	9,892	27,032	25,072	3,069	109,553	263	109,816

*Elimination of intersegment transactions

2) For the first half ended September 30, 2014 (From April 1, 2014 to September 30, 2014)

	Millions of yen								Figures in consolidated financial statements
	April 1, 2014 - September 30, 2014								
	PVC/Chlor-Alkali	Silicones	Specialty Chemicals	Semiconductor Silicon	Electronics & Functional Materials	Diversified	Total	Adjustment*	
Sales to outside customers	213,003	86,088	54,045	111,426	90,896	48,267	603,727	-	603,727
Intersegment sales	2,033	2,946	5,974	1	3,775	30,918	45,650	(45,650)	-
Total	215,037	89,035	60,020	111,428	94,671	79,186	649,378	(45,650)	603,727
Segment income (Operating income)	28,637	18,311	7,321	16,276	24,146	2,922	97,615	(0)	97,614

*Elimination of intersegment transactions

The main products and services of each segment are as follows:

Segment	Main products and services
PVC/Chlor-Alkali Business	Polyvinyl chloride, Caustic soda, Methanol, Chloromethane
Silicones Business	Silicones
Specialty Chemicals Business	Cellulose derivatives, Silicon metal, Polyvinyl alcohol, Synthetic pheromones
Semiconductor Silicon Business	Semiconductor silicon
Electronics & Functional Materials Business	Rare earth magnets for electronics industry and general applications, Semiconductor encapsulating materials, Packaging materials for LEDs, Photoresists, Photomask blanks, Synthetic quartz products, Liquid fluoroelastomers, Pellicles
Diversified Business	Processed plastics, Export of plant equipment, Technology licensing, International trade, Engineering

Appendix: Quarterly Operating Results

(Billions of yen)

	FY 2015 April 1, 2014 - March 31, 2015					FY 2016 April 1, 2015 - March 31, 2016		
	1Q	2Q	3Q	4Q	Total	1Q	2Q	Total
Net Sales	294.5	309.1	325.8	326.0	1,255.5	314.0	331.7	645.8
PVC / Chlor-Alkali	102.8	110.1	124.5	115.1	452.6	102.8	117.7	220.6
Silicones	42.0	44.0	44.3	47.0	177.4	46.8	48.3	95.1
Specialty Chemicals	27.2	26.8	29.2	29.1	112.3	29.7	30.0	59.7
Semiconductor Silicon	54.4	56.9	57.4	61.1	230.0	62.6	63.4	126.1
Electronics & Functional Materials	44.9	45.9	45.9	46.6	183.5	48.5	46.3	94.8
Diversified	23.0	25.2	24.3	26.9	99.5	23.4	25.9	49.3
Operating Income	48.6	48.9	42.4	45.2	185.3	51.4	58.4	109.8
PVC / Chlor-Alkali	14.0	14.6	11.5	10.1	50.2	10.6	13.3	23.9
Silicones	9.1	9.2	※ 4.8	10.2	33.4	10.2	10.3	20.5
Specialty Chemicals	3.9	3.3	3.7	4.2	15.2	4.7	5.1	9.8
Semiconductor Silicon	7.8	8.3	9.8	9.4	35.6	11.8	15.1	27.0
Electronics & Functional Materials	12.0	12.1	11.5	10.5	46.2	12.3	12.7	25.0
Diversified	1.5	1.3	0.9	0.9	4.8	1.3	1.7	3.0
Ordinary Income	49.5	51.6	51.3	45.4	198.0	55.0	58.0	113.0
Profit Attributable to Owners of Parent	32.9	34.6	32.4	28.5	128.6	37.6	39.0	76.6
Depreciation and Amortization	22.6	23.7	24.1	26.3	96.9	25.4	25.5	50.9
Capital Expenditures	13.8	24.9	22.1	48.9	109.9	24.4	30.4	54.9
R&D Costs	10.3	12.0	11.6	13.1	47.1	13.8	15.2	29.0
Overseas Sales	206.4	220.3	238.7	238.7	904.3	228.9	247.6	476.5
Ratio of Overseas Sales to Net Sales	70%	71%	73%	72%	72%	73%	75%	74%

※ The Company booked a ¥4.6 billion impairment loss.

(Note) Amounts are stated in billions of yen by discarding fractional amounts less than 0.1 billion.