

Eleven-Year Summary

SHIN-ETSU CHEMICAL CO., LTD. AND SUBSIDIARIES
For the fiscal years ended March 31, 2005 through 2015

	Millions of yen				
	2005	2006	2007	2008	2009
For the year:					
Net sales	¥ 967,486	¥1,127,915	¥1,304,695	¥1,376,364	¥1,200,813
Cost of sales	715,143	831,333	933,199	946,940	853,433
Selling, general and administrative expenses	100,608	111,262	130,467	142,278	114,453
Operating income	151,734	185,320	241,028	287,145	232,927
Ordinary income	151,503	185,040	247,018	300,040	250,533
Net income	93,160	115,045	154,010	183,580	154,731
Capital expenditures	110,277	145,329	210,613	268,479	159,406
R&D costs	27,924	32,003	41,737	47,944	37,469
Depreciation and amortization	90,874	111,637	138,462	141,269	119,457
At year-end:					
Total assets	¥1,476,248	¥1,671,280	¥1,859,995	¥1,918,544	¥1,684,944
Working capital	444,935	572,205	628,986	638,806	606,632
Common stock	117,513	119,419	119,419	119,419	119,419
Net assets	—	—	1,360,315	1,483,669	1,407,353
Stockholders' equity	996,307	1,173,679	—	—	—
Interest-bearing debt	120,422	83,838	45,143	34,045	23,827
Per share (Yen and U.S. dollars):					
Net income—basic	¥ 219.10	¥ 266.63	¥ 357.78	¥ 426.63	¥ 362.39
Net income—fully diluted ²	216.11	266.07	357.32	426.35	362.35
Cash dividends	20.00	35.00	70.00	90.00	100.00
Payout ratio (%)	9.1	13.1	19.6	21.1	27.6
Net assets	2,329.47	2,730.94	3,065.80	3,344.17	3,218.28
General:					
Operating income to net sales ratio (%)	15.7	16.4	18.5	20.9	19.4
Net income to net sales ratio (%)	9.6	10.2	11.8	13.3	12.9
ROE (%) ³	9.8	10.6	12.4	13.3	11.0
ROA (%)	10.6	11.8	14.0	15.9	13.9
Equity ratio (%)	67.5	70.2	71.0	75.0	81.1
Number of employees	18,151	18,888	19,177	20,241	19,170
Number of shares issued (Thousands)	430,118	432,106	432,106	432,106	432,106

Notes: 1. The U.S. dollar amounts represent conversion of yen, for convenience only, at the rate of ¥120 = US\$1, the approximate rate of exchange on March 31, 2015.

2. Diluted net income per share for the fiscal year ended March 31, 2012 is not presented as there were no securities with dilutive effect.

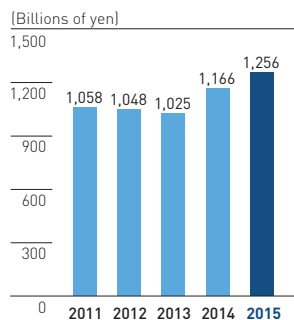
3. Stockholders' equity used for calculation of indices from the fiscal year ended March 31, 2007 consists of "stockholders' equity" and "accumulated other comprehensive income."

Millions of yen						Thousands of U.S. dollars ¹
2010	2011	2012	2013	2014	2015	2015
¥ 916,837	¥1,058,257	¥1,047,731	¥1,025,409	¥1,165,819	¥1,255,543	\$10,462,864
700,902	803,574	798,592	769,427	873,879	940,399	7,836,665
98,718	105,460	99,505	98,938	118,130	129,814	1,081,787
117,215	149,221	149,632	157,043	173,809	185,329	1,544,411
127,019	160,338	165,237	170,207	180,605	198,025	1,650,208
83,852	100,119	100,643	105,714	113,617	128,606	1,071,720
123,793	119,884	87,165	86,841	83,155	109,903	915,861
33,574	37,321	35,725	37,671	43,546	47,165	393,049
87,722	93,732	82,868	80,961	91,445	96,918	807,651
¥1,769,139	¥1,784,166	¥1,809,841	¥1,920,903	¥2,198,912	¥2,452,306	\$20,435,888
612,447	638,493	694,803	832,878	981,667	1,100,999	9,174,995
119,419	119,419	119,419	119,419	119,419	119,419	995,164
1,474,212	1,469,429	1,494,573	1,623,176	1,822,135	2,012,711	16,772,599
—	—	—	—	—	—	—
20,052	14,574	15,732	13,929	15,638	14,328	119,402
¥ 197.53	¥ 235.80	¥ 237.03	¥ 248.94	¥ 267.20	¥ 302.05	\$ 2.517
197.50	235.80	—	248.92	267.07	301.98	2.517
100.00	100.00	100.00	100.00	100.00	100.00	0.833
50.6	42.4	42.2	40.2	37.4	33.1	33.1
3,370.56	3,360.39	3,422.93	3,709.19	4,165.28	4,602.80	38.357
12.8	14.1	14.3	15.3	14.9	14.8	14.8
9.1	9.5	9.6	10.3	9.7	10.2	10.2
6.0	7.0	7.0	7.0	6.8	6.9	6.9
7.4	9.0	9.2	9.1	8.8	8.5	8.5
80.9	80.0	80.3	82.0	80.6	79.9	79.9
16,955	16,302	16,167	17,712	17,892	18,276	18,276
432,106	432,106	432,106	432,106	432,106	432,106	432,106

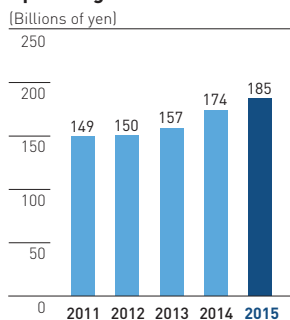
Management's Discussion and Analysis

SHIN-ETSU CHEMICAL CO., LTD. AND SUBSIDIARIES

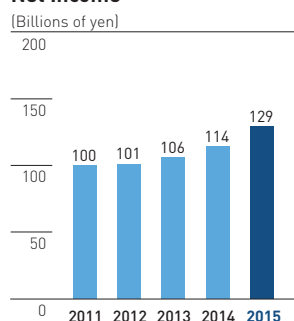
Net Sales



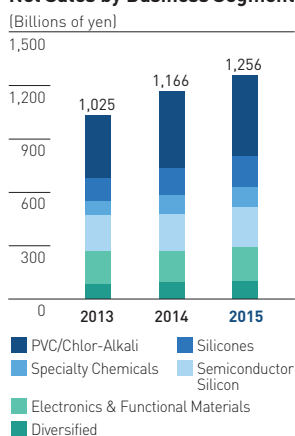
Operating Income



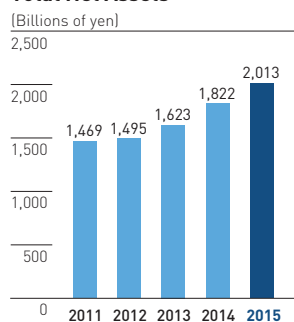
Net Income



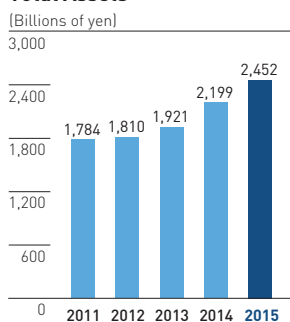
Net Sales by Business Segment



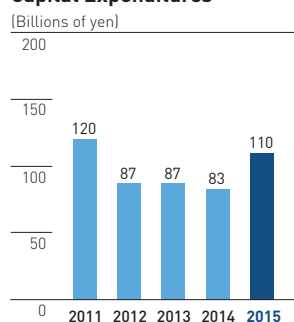
Total Net Assets



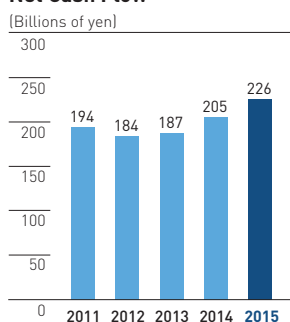
Total Assets



Capital Expenditures



Net Cash Flow*



* Net cash flow = Net income + Depreciation and amortization

Overview of the Shin-Etsu Group

The Shin-Etsu Group (the "Group") was composed of Shin-Etsu Chemical Co., Ltd. (the "Company"), 124 subsidiaries and 14 affiliates as of March 31, 2015. There are six business segments: PVC/Chlor-Alkali Business, Silicones Business, Specialty Chemicals Business, Semiconductor Silicon Business, Electronics & Functional Materials Business and Diversified Business. The Group conducts business activities by dividing manufacturing and sales activities among Group companies and using mutual cooperation among all of these companies.

Consolidated Operating Performance

With regard to the world economy during fiscal 2015 (April 1, 2014 to March 31, 2015), although the steady recovery of the economy continued in the U.S., 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. In Japan, although the economy was affected by the increase in the consumption tax, it moved along a gradual recovery track.

In these circumstances, the Group 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 building a strong business foundation by such means as developing new products that have special characteristics and focusing on stably securing raw materials.

Net Sales

Net sales increased 7.7% (¥89,724 million) to ¥1,255,543 million compared with the previous fiscal year.

Cost of Sales and Selling, General and Administrative Expenses

Cost of sales increased 7.6% (¥66,520 million) to ¥940,399 million and the ratio of cost of sales to net sales was unchanged at 74.9%. Selling, general and administrative (SG&A) expenses increased 9.9% (¥11,684 million) to ¥129,814 million. The ratio of these expenses to sales was about the same as the previous fiscal year at 10.3%.

Research and development costs, which are included in manufacturing costs and SG&A expenses, increased 8.3% (¥3,619 million) to ¥47,165 million and the ratio of these costs to net sales was 3.8%.

Operating Income

Operating income increased 6.6% (¥11,520 million) to ¥185,329 million and the operating income to net sales ratio was about the same as the previous fiscal year at 14.8%.

Business Segment Overview

PVC/Chlor-Alkali Business

With regard to the PVC business, although Shintech in the U.S. was affected by the increase in prices of raw materials, Shintech's profit continued to be strong as a result of capturing the demand for PVC in the U.S., where a recovery was seen in the housing market, and aggressively carrying out sales to its worldwide customers. Shin-Etsu PVC in the Netherlands continued strong shipments; however, during the latter half of the fiscal term it was affected by facility problems that occurred at a raw materials supplier.

In Japan, domestic housing-related demand was slack, and a severe business situation continued.

As a result, compared with the previous fiscal year, net sales for this business segment increased by 5.8% (¥24,811 million) to ¥452,656 million and operating income decreased by 16.4% (¥9,886 million) to ¥50,264 million.

Silicones Business

With regard to the silicones business, in Japan, in addition to sales of product applications for automobiles and cosmetics continuing to be strong, sales of product applications for electronics equipment improved and the business continued to be firm in a wide range of fields. Our silicones business outside of Japan also generally continued to do well in products for Europe and the U.S. as well as for Southeast Asia and China.

As a result, compared with the previous fiscal year, net sales for this business segment increased by 13.4% (¥21,001 million) to ¥177,438 million and operating income increased by 5.1% (¥1,607 million) to ¥33,414 million.

Specialty Chemicals Business

With regard to cellulose derivatives, although sales continued to be firm in Japan, mainly for pharmaceutical-use products, the business of SE Tylose in Germany was affected by price competition. The business of Simcoa Operations in Australia continued to be firm, aided by the upturn in the silicon metal market.

As a result, compared with the previous fiscal year, net sales for this business segment increased by 8.9% (¥9,143 million) to ¥112,347 million and operating income increased by 19.8% (¥2,521 million) to ¥15,278 million.

Semiconductor Silicon Business

With regard to semiconductor silicon, sales generally continued to do well because of the increase in production of semiconductor devices from the expanding demand for applications such as in smartphones and automobiles. As a result, compared with the previous fiscal year, net sales for this business segment increased by 7.9% (¥16,783 million) to ¥230,016 million and operating income increased by 45.6% (¥11,150 million) to ¥35,609 million.

Electronics & Functional Materials Business

With regard to the rare earth magnets business, in addition to shipments being good in terms of products for applications in automobiles, starting with hybrid cars, shipments of products for applications in large-capacity hard disk drives also continued to be steady. With regard to the photoresist products business, ArF resists and trilayer materials expanded aided by the progress in semiconductor device miniaturization. The business of materials for LED packaging also continued to be firm. Although the optical fiber preform business was affected by a sluggish market, shipments in the latter half of the fiscal year were strong.

As a result, compared with the previous fiscal year, net sales for this business segment increased by 7.3% (¥12,519 million) to ¥183,505 million and operating income increased by 12.8% (¥5,239 million) to ¥46,208 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 previous fiscal year, net sales for this business segment increased by 5.8% (¥5,466 million) to ¥99,579 million and operating income increased by 31.5% (¥1,157 million) to ¥4,826 million.

Other Income and Expenses and Extraordinary Income and Losses

Other income, net was ¥12,696 million mainly because of a foreign exchange gain of ¥15,164 million. As a result, income before income taxes and minority interests increased 9.6% (¥17,420 million) to ¥198,025 million.

Net Income

Income taxes totaled ¥68,122 million. As a result, net income increased 13.2% (¥14,989 million) to ¥128,606 million and net income per share increased ¥34.85 to ¥302.05.

Analysis of Financial Position

Information on Assets, Liabilities and Net Assets

At the end of fiscal 2015, total assets increased by ¥253,394 million, compared with that at the end of the previous fiscal year to ¥2,452,306 million. This was mainly due to the impact of the depreciation of the yen on currency translations of foreign consolidated subsidiaries.

Total liabilities increased by ¥62,818 million from that at the end of the previous fiscal year, to ¥439,594 million.

Total net assets increased by ¥190,576 million, compared with that at the end of the previous fiscal year

to ¥2,012,711 million. This was mainly due to the increases in retained earnings resulting from net income of ¥128,606 million for fiscal 2015 and foreign currency translation adjustments as a result of the depreciation of the yen.

The stockholders' equity ratio was 79.9%, down 0.7 percentage points from 80.6% at the end of the previous fiscal year.

Cash Flows

Cash and cash equivalents at the end of fiscal 2015 totaled ¥423,846 million, up 16.9% (¥61,286 million) compared with the end of the previous fiscal year.

Operating Activities

Net cash provided by operating activities amounted to ¥243,459 million, a decrease of ¥16,275 million from the previous fiscal year. This consisted mainly of ¥198,025 million in income before income taxes, ¥96,918 million in depreciation and amortization, an increase of ¥13,990 million in accounts receivable-trade and ¥68,765 million for the payment of income taxes.

Investing Activities

Net cash used for investing activities was ¥167,142 million, a decrease of ¥79,752 million over the previous fiscal year, which consisted mainly of ¥86,709 million for purchases of property, plant and equipment, and a net increase of ¥46,294 million in marketable securities.

Financing Activities

Net cash used for financing activities increased by ¥2,184 million from the previous fiscal year to ¥43,545 million. This was mainly due to a cash dividend payment of ¥42,573 million.

Capital Expenditures

Capital expenditures totaled ¥109,903 million. The largest expenditures of ¥44,422 million were in the PVC/ Chlor-Alkali Business because of projects to enlarge and strengthen the integrated manufacturing operations of Shintech. In the Specialty Chemicals Business, capital expenditures were ¥16,147 million because of the construction of a cellulose derivatives plant in the U.S. by SE Tylose. In other business segments, capital expenditures were ¥12,947 million in the Silicones Business, ¥15,889 million in the Semiconductor Silicon Business, ¥16,407 million in the Electronics & Functional Materials Business, and ¥4,516 million in the Diversified Business.

Basic Policy Concerning Profit-sharing

Taking a long-term perspective, the Company will focus on expanding company earnings and strengthening the make-

up of the Group's structure as well as on sharing the results of such successful management efforts. It is our basic policy to distribute dividends so as to appropriately reward all of our stockholders.

With regard to our financial reserves, we are making efforts to heighten the value of the Company by reinvesting them in such core business activities as facility investment, and research and development, and we will proactively utilize them for strengthening Shin-Etsu's global competitive power and future business development.

In line with our basic profit-sharing policy, the year-end dividend is ¥50 per share, the same amount as the interim dividend of ¥50 per share. Accordingly, the total annual dividend per share for fiscal 2015 is ¥100, the same amount as in the previous fiscal year.

Outlook for Fiscal 2016 (Ending March 2016)

With regard to business prospects going forward, although the world economy is expected to see a steady recovery in the U.S., there are uncertainties concerning the European economies, which continue to be soft, as well as concerning the future direction of emerging economies where a slowdown in growth can be seen. In Japan as well, although the Japanese economy is expected to continue along a recovery track, the situation is such that it does not allow for optimism because of such concerns as the effects of the world economy's downward movement.

Facing such a situation, the Group will carefully focus on developments in world markets and aggressively develop 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 and strengthening and expanding existing facilities. Furthermore, we will aim to build a strong business foundation by such means as further focusing on enhancing productivity and product quality and striving to assure the stable securing of raw materials.

Business Risks

This section discusses risk factors that could potentially influence such key business matters as the results of the Group's business operations, financial condition and cash flows. The Group reduces its vulnerability to business risks by taking measures to prevent, disperse or hedge these risks. However, if an unforeseeable situation should occur, it could have a significant impact on the Group's business results.

This section contains a list of significant items that the Group considers are current risk factors, but it is not intended to be a comprehensive list of all risks that could seriously impact the Group's business performance.

1) Influence of Economic Trends and Product Markets

Changes in the economic situation of countries or regions where the Group's key products are marketed can have a great impact on the results of the Group's business operations. In addition, among the Group's key products, some products could be affected by large price fluctuations due to the global supply and demand environment. The Group is hedging its risks by taking such strategies as diversifying and globalizing its businesses. However, a downturn in demand for certain of its products or escalating price competition could have a significant effect on the Group's business operations results.

2) Influence of Fluctuations in Foreign Exchange Rates

Overseas sales accounted for 72.0% of the consolidated net sales of the Group in fiscal 2015, and it is expected that this ratio will remain at a high level. The Japanese yen equivalent amounts of items in the financial statement items of overseas consolidated subsidiaries, which are included in the Group's consolidated financial statements, are influenced by fluctuations in foreign exchange rates.

A large movement in these rates could have a great impact on the business results of the entire Group. In addition, although we use forward-exchange contracts and other measures to reduce risk exposure associated with transactions in foreign currencies, a large movement in foreign exchange rates could have a similar serious effect on the Group's business operations results.

3) Influence of Natural Disasters and Disastrous Accidents

To minimize the damage that could result from an interruption of production activities, the Group performs regular disaster-prevention inspections, carries out a constant program of facility maintenance activities at its production facilities and makes facility investments to enhance safety and establish multiple manufacturing bases. However, if a natural disaster or disastrous accident or other unforeseen event damages production facilities or other areas, such circumstances could have a major impact on the Group's business operations results.

4) Influence of Public Regulations and Laws

In countries and regions where the Group is carrying out its business activities, we are bound by the approval processes and licensing requirements involving investment and import/export regulations as well as by various related laws concerning commercial transactions, labor, patents, taxes, foreign exchange and other items. Any changes in these regulations and laws could have a significant effect on the Group's business operations results.

5) Influence of Supply Factors on Procurement of Materials

The Group uses various raw materials in its production activities, and we strive to assure a stable supply of these materials by diversifying our supply sources. However, if supplies become tight or there are delays in procuring these materials, or if prices increase because of these events, there could be a great effect on the Group's business operations results.

6) Influence of the Development of New Products and Technologies

The pace of technological progress is rapid in the electronics industry, which is an important market for some of the Group's products. The Group is constantly working on developing the most advanced cutting-edge materials to meet needs associated with this technological innovation. However, if the Group is unable to take appropriate measures in response to changes in industries and/or markets despite its constant efforts, there could be a significant effect on the Group's business operations results.

7) Influence of Environmental Issues

The Group handles various types of chemical substances and complies strictly with various laws and regulations concerning the environment. In addition, the Group has been making efforts for energy-saving in order to help combat global warming and for eliminating or significantly reducing emissions of substances that are harmful to the environment. However, if regulations concerning the environment become more strict than presently anticipated and require large-scale capital expenditures and other investments as a result, there could be a significant effect on the Group's business operations results.

8) Influence of Product Liability

The Group uses a large number of measures to maintain the optimum quality of its products in accordance with the characteristics of each product. However, a problem involving product quality that occurs due to unforeseen circumstances could have a significant effect on the Group's business operations results.

Consolidated Balance Sheets

SHIN-ETSU CHEMICAL CO., LTD. AND SUBSIDIARIES
As of March 31, 2015 and 2014

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	2015
ASSETS			
Current Assets:			
Cash and time deposits (Note 20).....	¥ 461,489	¥ 363,339	\$ 3,845,748
Notes and accounts receivable—trade.....	292,748	267,243	2,439,572
Securities (Notes 5 and 20).....	304,180	274,282	2,534,837
Merchandise and finished goods.....	139,133	131,772	1,159,447
Work in process.....	12,533	13,844	104,442
Raw materials and supplies.....	125,243	127,519	1,043,697
Deferred taxes, current (Note 18).....	36,721	33,105	306,008
Other.....	38,370	31,745	319,757
Less: Allowance for doubtful accounts (Note 2 (5)).....	(10,575)	(7,023)	(88,129)
Total current assets.....	1,399,846	1,235,829	11,665,383
Fixed Assets:			
Property, Plant and Equipment (Notes 2 (8) and 8):			
Buildings and structures, net.....	175,857	177,828	1,465,477
Machinery and equipment, net.....	441,123	424,526	3,676,027
Land.....	79,679	76,283	663,993
Construction in progress.....	80,230	35,353	668,585
Other, net.....	7,519	6,806	62,661
Total property, plant and equipment.....	784,409	720,799	6,536,745
Intangible Assets:			
Goodwill.....	11,703	12,652	97,526
Other.....	6,309	6,755	52,576
Total intangible assets.....	18,012	19,408	150,103
Investments and Other Assets:			
Investments in securities (Notes 5 and 7).....	145,726	124,003	1,214,384
Long-term loans.....	7,604	7,159	63,372
Net defined benefit asset (Note 10).....	2,040	2,386	17,003
Deferred taxes, non-current (Note 18).....	15,858	16,427	132,155
Other (Note 7).....	80,203	73,313	668,362
Less: Allowance for doubtful accounts (Note 2 (5)).....	(1,394)	(414)	(11,623)
Total investments and other assets.....	250,038	222,875	2,083,655
Total fixed assets.....	1,052,460	963,083	8,770,504
Total Assets	¥2,452,306	¥2,198,912	\$20,435,888

The accompanying notes are an integral part of the consolidated financial statements.

	Millions of yen		Thousands of U.S. dollars (Note 3)
	2015	2014	2015
LIABILITIES AND NET ASSETS			
Current Liabilities:			
Notes and accounts payable-trade.....	¥ 120,694	¥ 109,401	\$ 1,005,788
Short-term borrowings (Note 9)	6,825	7,524	56,875
Accounts payable-other	60,692	33,376	505,770
Accrued expenses	60,233	57,474	501,946
Accrued income taxes	33,554	32,118	279,617
Accrued bonuses for employees.....	2,721	2,356	22,680
Accrued bonuses for directors	513	439	4,283
Other (Note 18)	13,611	11,471	113,427
Total current liabilities	298,846	254,161	2,490,387
Long-Term Liabilities:			
Long-term debt (Note 9)	7,116	7,557	59,301
Deferred taxes, non-current (Note 18)	93,571	80,934	779,762
Net defined benefit liability (Note 10)	33,401	28,127	278,343
Accrued retirement bonuses for directors.....	266	258	2,222
Other	6,392	5,737	53,271
Total long-term liabilities.....	140,748	122,615	1,172,901
Total Liabilities	439,594	376,776	3,663,289
Commitment and Contingent Liabilities (Note 11)			
Net Assets			
Stockholders' Equity:			
Common stock:.....	119,419	119,419	995,164
Authorized: 1,720,000,000 shares			
Issued: 432,106,693 shares as of March 31, 2015			
and 2014, respectively			
Additional paid-in capital	128,572	128,625	1,071,437
Retained earnings (Note 12)	1,626,873	1,541,127	13,557,282
Less: Treasury stock, at cost	(33,837)	(34,954)	(281,975)
6,207,027 shares and 6,413,086 shares as of March 31, 2015			
and 2014, respectively			
Total stockholders' equity	1,841,029	1,754,218	15,341,909
Accumulated Other Comprehensive Income:			
Unrealized gains (losses) on available-for-sale securities (Note 2 (7))	22,349	10,439	186,242
Deferred gains (losses) on hedges	(91)	493	(763)
Foreign currency translation adjustments.....	100,425	9,451	836,876
Remeasurements of defined benefit plans	(3,382)	(1,470)	(28,185)
Total accumulated other comprehensive income.....	119,300	18,914	994,170
Share Subscription Rights	139	426	1,163
Minority Interests in Consolidated Subsidiaries	52,242	48,574	435,356
Total net assets.....	2,012,711	1,822,135	16,772,599
Total Liabilities and Net Assets	¥2,452,306	¥2,198,912	\$20,435,888

Consolidated Statements of Income

SHIN-ETSU CHEMICAL CO., LTD. AND SUBSIDIARIES
For the fiscal years ended March 31, 2015, 2014 and 2013

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2015	2014	2013	2015
Net Sales (Note 21)	¥1,255,543	¥1,165,819	¥1,025,409	\$10,462,864
Cost of Sales (Notes 10 and 16)	940,399	873,879	769,427	7,836,665
Gross profit	315,143	291,939	255,981	2,626,199
Selling, General and Administrative Expenses (Notes 10, 15 and 16)	129,814	118,130	98,938	1,081,787
Operating income (Note 21)	185,329	173,809	157,043	1,544,411
Other Income (Expenses):				
Interest income	3,867	3,454	2,417	32,227
Dividend income	1,913	1,725	1,560	15,946
Equity in earnings (losses) of affiliates	(383)	1,499	6,430	(3,194)
Interest expenses	(790)	(872)	(465)	6,587
Loss on disposal of property, plant and equipment	(976)	(1,386)	(690)	8,140
Loss on valuation of investment securities	(1,379)	(175)	(485)	11,497
Foreign exchange gain	15,164	9,006	4,565	126,369
Other, net	(4,719)	(6,454)	(168)	(39,328)
Ordinary income	198,025	180,605	170,207	1,650,208
Extraordinary Income (Losses):				
Loss on sales of investments in securities	—	—	(6,137)	—
Income before income taxes and minority interests	198,025	180,605	164,070	1,650,208
Income Taxes (Note 18):				
Current	71,330	67,138	37,059	594,420
Deferred	(3,207)	(1,370)	19,696	(26,729)
	68,122	65,768	56,755	567,690
Income before minority interests	129,902	114,837	107,314	1,082,517
Minority Interests in Earnings of Consolidated Subsidiaries	(1,295)	(1,219)	(1,599)	(10,797)
Net Income	¥ 128,606	¥ 113,617	¥ 105,714	\$ 1,071,720
		Yen		U.S. dollars (Note 3)
Per Share (Note 2 (14)):				
Net income—basic	¥302.05	¥267.20	¥248.94	\$2.517
Net income—fully diluted	301.98	267.07	248.92	2.516
Cash dividends	100.00	100.00	100.00	0.833
Weighted-Average Number of Shares Outstanding (Thousands)	425,784	425,222	424,651	425,784

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements of Comprehensive Income

SHIN-ETSU CHEMICAL CO., LTD. AND SUBSIDIARIES
For the fiscal years ended March 31, 2015, 2014 and 2013

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2015	2014	2013	2015
Income before Minority Interests	¥129,902	¥114,837	¥107,314	\$1,082,517
Other Comprehensive Income (Note 19):				
Unrealized gains (losses) on available-for-sale securities	11,978	(1,122)	10,314	99,821
Deferred gains (losses) on hedges	(585)	309	238	(4,878)
Foreign currency translation adjustments.....	92,686	125,605	66,415	772,390
Remeasurements of defined benefit plans	(1,936)	—	—	(16,140)
Share of other comprehensive income of affiliates accounted for using the equity method	271	1,835	6,499	2,262
Total other comprehensive income	102,414	126,627	83,467	853,455
Comprehensive Income	¥232,316	¥241,465	¥190,782	\$1,935,973
(Breakdown)				
Comprehensive income attributable to owners of the parent....	¥228,992	¥236,409	¥186,861	\$1,908,267
Comprehensive income attributable to minority interests	3,324	5,056	3,920	27,706

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements of Changes in Net Assets

SHIN-ETSU CHEMICAL CO., LTD. AND SUBSIDIARIES

	Thousands	Millions of yen				
	Number of shares of common stock	Stockholders' Equity				
		Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total
Balance at April 1, 2012	432,106	¥119,419	¥128,177	¥1,435,693	¥(40,925)	¥1,642,365
Cash dividends (Note 12).....				(42,459)		(42,459)
Net income.....				105,714		105,714
Changes in scope of consolidation and equity method.....				(28,932)		(28,932)
Purchase of treasury stock.....					(11)	(11)
Disposal of treasury stock.....			56		1,769	1,825
Net changes of items other than stockholders' equity.....						
Balance at March 31, 2013	432,106	¥119,419	¥128,234	¥1,470,015	¥(39,167)	¥1,678,502

	Millions of yen						
	Accumulated Other Comprehensive Income				Share subscription rights	Minority interests in consolidated subsidiaries	Total net assets
	Unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Total			
Balance at April 1, 2012	¥ 1,212	¥ 25	¥(190,249)	¥(189,011)	¥ 3,491	¥37,727	¥1,494,573
Cash dividends (Note 12).....							(42,459)
Net income.....							105,714
Changes in scope of consolidation and equity method.....							(28,932)
Purchase of treasury stock.....							(11)
Disposal of treasury stock.....							1,825
Net changes of items other than stockholders' equity.....	10,378	148	76,077	86,605	(1,342)	7,203	92,465
Balance at March 31, 2013	¥11,591	¥174	¥(114,172)	¥(102,406)	¥ 2,149	¥44,931	¥1,623,176

	Thousands	Millions of yen				
	Number of shares of common stock	Stockholders' Equity				
		Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total
Balance at April 1, 2013	432,106	¥119,419	¥128,234	¥1,470,015	¥(39,167)	¥1,678,502
Cash dividends (Note 12).....				(42,505)		(42,505)
Net income.....				113,617		113,617
Purchase of treasury stock.....					(150)	(150)
Disposal of treasury stock.....			391		4,362	4,754
Net changes of items other than stockholders' equity.....						
Balance at March 31, 2014	432,106	¥119,419	¥128,625	¥1,541,127	¥(34,954)	¥1,754,218

	Millions of yen							
	Accumulated Other Comprehensive Income				Total	Share subscription rights	Minority interests in consolidated subsidiaries	Total net assets
	Unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans				
Balance at April 1, 2013	¥11,591	¥174	¥(114,172)	¥ —	¥(102,406)	¥ 2,149	¥44,931	¥1,623,176
Cash dividends (Note 12).....								(42,505)
Net income.....								113,617
Purchase of treasury stock.....								(150)
Disposal of treasury stock.....								4,754
Net changes of items other than stockholders' equity.....	(1,152)	319	123,624	(1,470)	121,321	(1,722)	3,643	123,242
Balance at March 31, 2014	¥10,439	¥493	¥ 9,451	¥(1,470)	¥ 18,914	¥ 426	¥48,574	¥1,822,135

	Thousands	Millions of yen				
		Stockholders' Equity				
		Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total
Balance at April 1, 2014	432,106	¥119,419	¥128,625	¥1,541,127	¥(34,954)	¥1,754,218
Cumulative effects of changes in accounting policies.....				(287)		(287)
Cash dividends [Note 12].....				(42,573)		(42,573)
Net income.....				128,606		128,606
Purchase of treasury stock.....					(24)	(24)
Disposal of treasury stock.....			(53)		1,141	1,088
Net changes of items other than stockholders' equity.....						
Balance at March 31, 2015	432,106	¥119,419	¥128,572	¥1,626,873	¥(33,837)	¥1,841,029

	Millions of yen							
	Accumulated Other Comprehensive Income							
	Unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total	Share subscription rights	Minority interests in consolidated subsidiaries	Total net assets
Balance at April 1, 2014	¥10,439	¥ 493	¥ 9,451	¥(1,470)	¥ 18,914	¥ 426	¥48,574	¥1,822,135
Cumulative effects of changes in accounting policies.....								(287)
Cash dividends [Note 12].....								(42,573)
Net income.....								128,606
Purchase of treasury stock.....								(24)
Disposal of treasury stock.....								1,088
Net changes of items other than stockholders' equity.....	11,909	(585)	90,973	(1,912)	100,385	(287)	3,667	103,766
Balance at March 31, 2015	¥22,349	¥ (91)	¥100,425	¥(3,382)	¥119,300	¥ 139	¥52,242	¥2,012,711

	Thousands	Thousands of U.S. dollars (Note 3)				
		Stockholders' Equity				
		Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Total
Balance at April 1, 2014	432,106	\$995,164	\$1,071,882	\$12,842,732	\$(291,289)	\$14,618,489
Cumulative effects of changes in accounting policies.....				(2,392)		(2,392)
Cash dividends [Note 12].....				(354,777)		(354,777)
Net income.....				1,071,720		1,071,720
Purchase of treasury stock.....					(202)	(202)
Disposal of treasury stock.....			(444)		9,516	9,071
Net changes of items other than stockholders' equity.....						
Balance at March 31, 2015	432,106	\$995,164	\$1,071,437	\$13,557,282	\$(281,975)	\$15,341,909

	Thousands of U.S. dollars (Note 3)							
	Accumulated Other Comprehensive Income							
	Unrealized gains (losses) on available-for-sale securities	Deferred gains (losses) on hedges	Foreign currency translation adjustments	Remeasurements of defined benefit plans	Total	Share subscription rights	Minority interests in consolidated subsidiaries	Total net assets
Balance at April 1, 2014	\$ 86,993	\$ 4,115	\$ 78,765	\$(12,251)	\$157,623	\$ 3,557	\$404,791	\$15,184,460
Cumulative effects of changes in accounting policies.....								(2,392)
Cash dividends [Note 12].....								(354,777)
Net income.....								1,071,720
Purchase of treasury stock.....								(202)
Disposal of treasury stock.....								9,071
Net changes of items other than stockholders' equity.....	99,248	(4,878)	758,111	(15,934)	836,546	(2,393)	30,565	864,718
Balance at March 31, 2015	\$186,242	\$ (763)	\$836,876	\$(28,185)	\$994,170	\$ 1,163	\$435,356	\$16,772,599

The accompanying notes are an integral part of the consolidated financial statements.

Consolidated Statements of Cash Flows

SHIN-ETSU CHEMICAL CO., LTD. AND SUBSIDIARIES
For the fiscal years ended March 31, 2015, 2014 and 2013

	Millions of yen			Thousands of U.S. dollars (Note 3)
	2015	2014	2013	2015
Cash Flows from Operating Activities:				
Income before income taxes.....	¥ 198,025	¥ 180,605	¥ 164,070	\$ 1,650,208
Adjustments to reconcile income before income taxes to net cash provided by operating activities:				
Depreciation and amortization.....	96,918	91,445	80,961	807,651
Loss on impairment of fixed assets.....	4,679	—	—	38,995
Increase in accrued retirement benefits.....	—	—	2,486	—
Increase (decrease) in net defined benefit liability.....	(573)	4,007	—	(4,779)
(Gain) loss on sales of investments in securities.....	(45)	(1)	6,039	(382)
Loss on write-down of investments in securities.....	1,379	175	485	11,497
Increase (decrease) in allowance for doubtful accounts.....	4,296	(32)	(210)	35,806
Interest and dividend income.....	(5,780)	(5,180)	(3,977)	(48,174)
Interest expenses.....	790	872	465	6,587
Exchange (gain) loss.....	(2,152)	660	323	(17,935)
Equity in (earnings) losses of affiliates.....	383	(1,499)	(6,430)	3,194
Changes in assets and liabilities:				
(Increase) decrease in notes and accounts receivable.....	(13,990)	(561)	32,803	(116,583)
(Increase) decrease in inventories.....	7,967	18,246	17,708	66,393
(Increase) decrease in long-term advance payment.....	7,398	2,830	7,521	61,652
Increase (decrease) in notes and accounts payable.....	6,674	3,593	(1,189)	55,618
Other, net.....	507	1,081	(5,700)	4,228
Subtotal.....	306,477	296,245	295,355	2,553,978
Proceeds from interest and dividends.....	6,529	5,931	4,754	54,416
Payments of interest.....	(782)	(887)	(482)	(6,523)
Payments of income taxes.....	(68,765)	(41,554)	(64,004)	(573,045)
Net cash provided by operating activities.....	243,459	259,734	235,622	2,028,825
Cash Flows from Investing Activities:				
(Increase) decrease in time deposits.....	(15,278)	(15,019)	(2,134)	(127,324)
Purchases of securities.....	(216,654)	(450,429)	(66,030)	(1,805,454)
Proceeds from redemption of securities.....	170,359	285,380	18,810	1,419,665
Proceeds from sales of securities.....	—	9,286	5,189	—
Purchases of property, plant and equipment.....	(86,709)	(66,814)	(80,775)	(722,580)
Proceeds from sales of property, plant and equipment.....	820	175	285	6,838
Purchases of intangible fixed assets.....	(659)	(2,444)	(884)	(5,492)
Purchases of investments in securities.....	(7,528)	(3,836)	(7,581)	(62,737)
Proceeds from sales of investments in securities.....	122	2,277	898	1,016
Proceeds from redemption of investments in securities.....	0	5,000	22,978	1
Purchases of investments in subsidiaries resulting in change in scope of consolidation.....	—	(7,296)	—	—
Payments of loans.....	(333)	(5)	(5,368)	(2,775)
Proceeds from collection of loans.....	462	561	327	3,854
Other, net.....	(11,743)	(3,728)	(4,968)	(97,865)
Net cash used for investing activities.....	(167,142)	(246,894)	(119,254)	(1,392,854)
Cash Flows from Financing Activities:				
Net increase (decrease) in short-term borrowings.....	(918)	(693)	(3,407)	(7,650)
Proceeds from long-term debt.....	16	306	6,517	136
Repayments of long-term debt.....	(244)	(1,203)	(5,482)	(2,034)
Purchases of treasury stock.....	(24)	(150)	(11)	(202)
Proceeds from sales of treasury stock.....	920	3,806	1,490	7,668
Cash dividends paid.....	(42,573)	(42,505)	(42,459)	(354,777)
Cash dividends paid to minority interests.....	(508)	(496)	(574)	(4,240)
Other, net.....	(213)	(425)	(84)	(1,781)
Net cash used for financing activities.....	(43,545)	(41,361)	(44,011)	(362,881)
Effect of Exchange Rate Changes on Cash and Cash Equivalents ...	28,515	28,052	16,899	237,632
Net Increase (Decrease) in Cash and Cash Equivalents.....	61,286	(468)	89,257	510,721
Cash and Cash Equivalents at Beginning of Year.....	362,560	363,028	270,321	3,021,336
Increase (Decrease) in Cash and Cash Equivalents Resulting from Changes in Scope of Consolidation.....	—	—	3,450	—
Cash and Cash Equivalents at End of Year (Note 20).....	¥ 423,846	¥ 362,560	¥ 363,028	\$ 3,532,057

The accompanying notes are an integral part of the consolidated financial statements.

Notes to Consolidated Financial Statements

SHIN-ETSU CHEMICAL CO., LTD. AND SUBSIDIARIES
For the fiscal years ended March 31, 2015, 2014 and 2013

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared from accounts and records maintained by Shin-Etsu Chemical Co., Ltd. (the "Company") and its subsidiaries. The Company and its domestic consolidated subsidiaries maintain their accounts and records in accordance with the provisions set forth in the Corporation Law of Japan and the Financial Instruments and Exchange Law and in conformity with generally accepted accounting principles prevailing in Japan. The accounts of overseas consolidated subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries. Before the fiscal year ended March 31, 2008, in general, no adjustments to the accounts of overseas consolidated subsidiaries were reflected in the accompanying consolidated financial statements to present them in compliance with Japanese accounting principles followed by the Company.

Effective from the fiscal year ended March 31, 2009, the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (Accounting Standards Board of Japan ("ASBJ") Practical Issues Task Force No. 18, issued on May 17, 2006) has been applied, and accordingly some revisions have been made to the consolidated accounts as necessary.

The accompanying consolidated financial statements of the Company and its subsidiaries are prepared on the basis of accounting principles generally accepted in Japan, which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards, and are compiled from the consolidated financial statements prepared by the Company, as required by the Financial Instruments and Exchange Law of Japan.

The presentation of the accompanying consolidated financial statements is made in conformity with the Consolidated Financial Statements Regulation (ordinance promulgated by the Ministry of Finance) and meets the requirements for disclosure of financial information of the Company on a consolidated basis. However, certain reclassifications have been made to the consolidated financial statements issued domestically to enable the presentation in a form which is more familiar to readers outside Japan.

The amounts in the accompanying consolidated financial statements are stated in millions of yen. Amounts less than ¥1 million are omitted, except where otherwise indicated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Principles of consolidation

The Company had 124 majority-owned subsidiaries as of March 31, 2015 (123 and 119 as of March 31, 2014 and 2013, respectively). The consolidated financial statements include the accounts of the Company and 87 (87 and 87 for 2014 and 2013, respectively) majority-owned subsidiaries (collectively, the "Companies"), of which the principal firms are listed on page 69 with their respective fiscal year-ends.

The remaining 37 (36 and 32 for 2014 and 2013, respectively) unconsolidated subsidiaries, including Shin-Etsu Electronics (Malaysia) Sdn. Bhd., whose total assets, net sales, net income and retained earnings in the aggregate are not material to the consolidated financial statements have been excluded from the scope of consolidation. For consolidation of subsidiaries whose fiscal year-ends are not the same as the Company, necessary adjustments are made for significant intercompany transactions occurring during the periods between the fiscal year-end of respective consolidated subsidiaries and that of the Company.

Unrealized intercompany profits and losses among the Companies are entirely eliminated, and the portion thereof attributable to minority interests is allocated to the minority interests.

Assets and liabilities of consolidated subsidiaries are measured at fair value at the time of acquisition.

Goodwill is amortized within 20 years on a straight-line basis.

(2) Accounting for investments in unconsolidated subsidiaries and affiliates

The Company had 37 (36 and 32 for 2014 and 2013, respectively) unconsolidated subsidiaries (majority-owned) and 14 (14 and 16 for 2014 and 2013, respectively) affiliates (meaning 20% to 50% ownership of a company's equity interest). The equity method is applied to the investments in 3 (3 and 4 for 2014 and 2013, respectively) major affiliates and investments in the remaining unconsolidated subsidiaries, including Shin-Etsu Electronics (Malaysia) Sdn. Bhd., and affiliates, including TATSUNO CHEMICAL INDUSTRIES INC., are stated at cost because they are not material to the consolidated financial statements.

The unconsolidated subsidiaries and affiliates accounted for by the equity method are listed below:

Mimasu Semiconductor Industry Co., Ltd.

Shin-Etsu Quartz Products Co., Ltd.

Admatechs Co., Ltd.

(3) Translation of foreign currency transactions

Foreign currency transactions are generally translated into yen at the rates prevailing at the respective transaction dates.

Foreign currency deposits, receivables and payables are translated into yen at the exchange rate prevailing at the respective balance sheet dates and the resulting translation gain or loss is included in the determination of net income for the year.

However, all of the overseas consolidated subsidiaries apply the current rate method to translate transactions and account balances in foreign currencies into their respective home currencies.

(4) Translation of foreign currency financial statements (accounts of overseas subsidiaries)

The balance sheet accounts of overseas consolidated subsidiaries are translated into yen at current exchange rates prevailing at the end of the fiscal year, except for equity, which is translated at the historical rate. Revenue and expense accounts are translated at the average exchange rates during the year. The resulting translation adjustments are shown as "Foreign currency translation adjustments" in the accompanying balance sheets as of March 31, 2015 and 2014.

(5) Allowance for doubtful accounts

The Company and its consolidated subsidiaries provide an allowance for doubtful accounts using the historic percentage of bad debt loss against the balance of general receivables plus an amount deemed necessary to cover individual accounts estimated to be uncollectible.

(6) Inventories

Inventories are mainly stated at cost determined by the weighted-average method. Balance sheet amounts are written down based on any decline in profitability.

(7) Financial instruments

Securities:

Held-to-maturity debt securities are stated at amortized cost using the straight-line method. Available-for-sale securities for which market quotations are available are stated at fair value. Net unrealized gains or losses on these securities are reported as a separate component of accumulated other comprehensive income at net-of-tax amounts. Other securities for which market quotations are unavailable are stated at cost, determined by the moving-average cost method.

Derivatives:

Derivatives are stated at fair value, with changes in fair value included in profit or loss in the same period in which they arise, except for derivatives that are designated as "hedging instruments."

The Company and consolidated subsidiaries enter into foreign exchange contracts, currency swaps, interest rate swaps and earthquake derivatives.

Hedge accounting:

Gains or losses arising from changes in the fair value of the derivatives designated as "hedging instruments" are deferred as an asset or liability and included in profit or loss in the same period during which the gains and losses on the hedged items or transactions are recognized.

The derivatives designated as hedging instruments by the Company are interest rate swaps, foreign exchange contracts and currency swaps. The related hedged items are interest rate transactions tied to funding activities, marketable securities and forecasted foreign currency transactions.

The Company has a policy to utilize the above hedging instruments in order to hedge the risk of fluctuations in interest rates and foreign currencies. Thus, the Company's purchases of the hedging instruments are limited to, at maximum, the amounts of the underlying hedged items. The Company does not enter into derivative transactions for trading or speculative purposes.

The Company evaluates the effectiveness of its hedging activities by reference to the accumulated gains or losses on the hedging instruments and the corresponding hedged items from the commencement of the hedges.

(8) Property, plant and equipment

The Company and its domestic subsidiaries principally calculate depreciation by the declining-balance method, based on the estimated useful lives of the assets. Foreign subsidiaries principally calculate depreciation by the straight-line method over the estimated useful lives of the assets. The cost of property, plant and equipment retired or otherwise disposed of and accumulated depreciation are eliminated from the related accounts, and the resulting gain or loss is reflected in income.

Effective from the fiscal year ended March 31, 2013, due to a revision of the corporate tax law in Japan, the Company and certain domestic consolidated subsidiaries have applied a depreciation method based on the revised law for tangible fixed assets purchased on or after April 1, 2012. The impact of this change on operating income, ordinary income and income before income taxes and minority interests for the fiscal year ended March 31, 2013 is immaterial.

(9) Repairs and maintenance

Normal repairs and maintenance, including minor renewals and improvements, are charged to income as incurred.

(10) Accrued bonuses for employees

Certain consolidated subsidiaries recognize the estimated amount of employees' bonuses to be paid in the subsequent period that is attributable to the current fiscal year.

(11) Accrued bonuses for directors

The Company and its domestic consolidated subsidiaries recognize the estimated amount of directors' bonuses to be paid in the subsequent period that is attributable to the current fiscal year.

(12) Accrued retirement benefits

The Company applies the benefit formula basis to measure the pension obligations. The expected retirement benefit attributed to periods of service under the plan's benefit formula is deemed as arising in each period.

Actuarial differences are amortized over a five-year period, which is within the average remaining service period of employees, using the straight-line method from the fiscal year when the difference was generated. Prior service cost is amortized as incurred over ten-year period, which is within the average remaining service period of employees using the straight-line method from the time when the prior service cost was generated.

Effective from the beginning of FY 2015, the Company adopted the "Accounting Standard for Retirement Benefits" (Accounting Standards Board of Japan (ASBJ) Statement No.26, issued May 17, 2012, hereinafter referred as the "Accounting Standards for Retirement Benefits") and its accompanying implementation guidance, "Guidance on Accounting Standard for Retirement Benefits" (ASBJ Guidance No.25, March 26, 2015.) with respect to certain provisions described in Section 35 of the standard and in Section 67 of the guidance.

In applying these accounting standards, there was a change from the straight-line basis to the benefit formula basis as the method for attributing the expected retirement benefit to periods of service for the calculation of the retirement benefit obligation and service costs. Also, the Company has changed the method for determining the discount rate from using a discount rate based on the number of years approximate to the average remaining service period of employees to using a single weighted average discount rate that reflects the estimated timing and amount of the retirement benefit payments.

Concerning the application of the Accounting Standards for Retirement Benefits, based on the provisional treatment set out in Section 37 of the accounting standards, the effects of such changes in FY 2015 have been adjusted in the beginning balance of retained earnings. The impact of these changes on assets, liabilities, net assets, operating income, ordinary income and income before income taxes and minority interests for FY 2015 is immaterial.

(13) Research and development costs

Research and development costs are charged to income as incurred.

(14) Income and dividends per share

Net income per share is based upon the weighted-average number of shares of common stock outstanding during each fiscal year. Net income per share adjusted for dilution represents net income per share assuming full conversion of all convertible debentures of the Company outstanding with related reduction in interest expenses.

(15) Dividends

Dividends are proposed by the Board of Directors and approved by the stockholders at meetings held subsequent to the fiscal year to which the dividends are applicable, and registered stockholders as of the end of such fiscal year are entitled to the subsequently declared dividends. Interim cash dividends are also paid (see Note 12).

Dividends charged to retained earnings in the accompanying consolidated statements of changes in net assets represent dividends approved and paid during the year.

(16) Accrued retirement bonuses for directors

Certain domestic subsidiaries recognize the required amount of directors' retirement bonuses as of the end of the fiscal year based on an internal standard.

(17) Consumption tax

Consumption tax withheld by the Company and certain subsidiaries on sales of products and services is not included in the amount of net sales in the consolidated statements of income. Consumption tax borne by the Company and certain subsidiaries on purchases of goods and services and on expenses is also not included in the related amounts in the consolidated statements of income.

3. UNITED STATES DOLLAR AMOUNTS

The accompanying consolidated financial statements are prepared in Japanese yen. The U.S. dollar amounts included in the consolidated financial statements and notes thereto represent the arithmetical results of translating yen to dollars on a basis of ¥120 to US\$1, the approximate effective rate of exchange on March 31, 2015. The inclusion of such dollar amounts is solely for convenience and is not intended to imply that yen amounts have been or could be readily converted, realized or settled in dollars at ¥120 to US\$1 or at any other rate.

4. FINANCIAL INSTRUMENTS

(1) Overview of financial instruments

Management policy

In principle, fund management is limited to deposits with financial institutions with high credit ratings and risk-free bonds, and financing is obtained primarily through borrowings from banks.

Financial instruments, risks and risk management

Notes and accounts receivable-trade are exposed to credit risk of customers. With regard to credit risk related to notes and accounts receivable-trade, each business department not only controls and manages account due dates and balances, but also confirms the credit standing of major customers periodically, making efforts to identify doubtful accounts as early as possible.

Securities and investments in securities are stocks in companies with which the Company has business relationships, held-to-maturity debt securities and also certificates of deposit. Regarding securities and investment securities, the Company regularly determines their fair value and the financial situation of the issuing companies. For stocks, the Company also continually reviews the stock holding status, considering its relationship with the issuing companies.

In order to hedge the foreign currency exchange risk associated with assets and liabilities denominated in foreign currencies and interest rate risk associated with financial assets and liabilities, derivative transactions such as interest rate swap transactions, currency swap transactions and foreign exchange forward contracts are utilized. All derivative transactions are entered into for the purpose of hedging risks arising in the ordinary course of business, and there are no derivative transactions entered into for trading or speculative purposes.

Supplementary explanation on the estimated fair value of financial instruments

The fair value of financial instruments is based on their quoted market price, if available. When there is no quoted market price available, fair value is reasonably estimated. Since various assumptions and factors are reflected in estimating the fair value, different assumptions and factors could result in different fair values.

[2] Fair value of financial instruments

As of March 31, 2015 and 2014, the book value, fair value and the difference between the two are as follows:

	Millions of yen			Thousands of U.S. dollars		
	2015			2015		
	Book value	Fair value	Difference	Book value	Fair value	Difference
Assets:						
(1) Cash and time deposits.....	¥ 461,489	¥ 461,489	¥ —	\$3,845,748	\$3,845,748	\$ —
(2) Notes and accounts receivable—trade	292,748	292,748	—	2,439,572	2,439,572	—
(3) Securities and investments in securities						
i) Held-to-maturity debt securities	8,895	8,938	43	74,130	74,491	361
ii) Investments in and advances to unconsolidated subsidiaries and affiliates..	22,709	18,391	(4,318)	189,249	153,264	(35,985)
iii) Available-for-sale securities.....	379,508	379,508	—	3,162,570	3,162,570	—
(4) Long-term loans	7,604	7,742	138	63,372	64,524	1,151
Total	¥1,172,957	¥1,168,820	¥(4,136)	\$9,774,643	\$9,740,171	\$(34,472)
Liabilities:						
(1) Notes and accounts payable—trade.....	¥ 120,694	¥ 120,694	¥ —	\$1,005,788	\$1,005,788	\$ —
(2) Short-term borrowings.....	6,825	6,825	—	56,875	56,875	—
(3) Accounts payable—other	60,692	60,692	—	505,770	505,770	—
(4) Accrued expenses	60,233	60,233	—	501,946	501,946	—
(5) Accrued income taxes.....	33,554	33,554	—	279,617	279,617	—
(6) Long-term debt	7,116	7,111	(4)	59,301	59,260	(41)
Total	¥ 289,115	¥ 289,110	¥ (4)	\$2,409,298	\$2,409,257	\$ (41)
Derivative transactions:						
Hedge accounting not applied	¥ (1,848)	¥ (1,848)	¥ —	\$ (15,402)	\$ (15,402)	\$ —
Hedge accounting applied.....	(136)	(136)	—	(1,136)	(1,136)	—
Total	¥ (1,984)	¥ (1,984)	¥ —	\$ (16,538)	\$ (16,538)	\$ —

	Millions of yen		
	2014		
	Book value	Fair value	Difference
Assets:			
(1) Cash and time deposits.....	¥ 363,339	¥363,339	¥ —
(2) Notes and accounts receivable—trade	267,243	267,243	—
(3) Securities and investments in securities			
i) Held-to-maturity debt securities	8,193	8,195	1
ii) Investments in and advances to unconsolidated subsidiaries and affiliates.....	22,367	12,951	(9,415)
iii) Available-for-sale securities.....	333,574	333,574	—
(4) Long-term loans	7,159	7,320	161
Total	¥1,001,877	¥992,625	¥(9,252)
Liabilities:			
(1) Notes and accounts payable—trade.....	¥ 109,401	¥109,401	¥ —
(2) Short-term borrowings.....	7,524	7,524	—
(3) Accounts payable—other	33,376	33,376	—
(4) Accrued expenses	57,474	57,474	—
(5) Accrued income taxes.....	32,118	32,118	—
(6) Long-term debt	7,557	7,542	(15)
Total	¥ 247,451	¥247,436	¥ (15)
Derivative transactions:			
Hedge accounting not applied	¥ (671)	¥ (671)	¥ —
Hedge accounting applied.....	552	552	—
Total	¥ (119)	¥ (119)	¥ —

Notes: 1. Method for calculating fair value of financial instruments, and notes regarding securities and derivative transactions

Assets

(1) Cash and time deposits and (2) Notes and accounts receivable—trade

These are settled within a short time, and their fair value and book value are nearly equal. Thus, the book value is listed as the fair value in the table above.

(3) Securities and investments in securities

These mainly consist of stocks and held-to-maturity debt securities. The fair value of stocks is based on prices quoted on stock exchanges, while the fair value of held-to-maturity debt securities is based on either a price quoted on the exchanges or prices provided by counterparty financial institutions. Negotiable certificates of deposit are settled within a short time, and the fair value and book value are nearly equal. Thus, the book value is listed as the fair value in the table above.

(4) Long-term loans

The fair value of long-term loans is calculated based on a future cash flow discounted at an appropriate rate such as mid-term and long-term interest rates with credit spreads, for all loans grouped by a certain period of time and credit rating under the Company's credit exposure management.

Liabilities

(1) Notes and accounts payable—trade, (2) Short-term borrowings, (3) Accounts payable—other, (4) Accrued expenses and (5) Accrued income taxes.

These are settled within a short time, and their fair value and book value are nearly equal. Thus, the book value is listed as the fair value in the table above.

(6) Long-term debt

The fair value for long-term debt is calculated based on a present value of principal and interest, discounted at the expected rate for new borrowings with the same terms.

Derivative transactions

Assets and liabilities arising from derivative transactions are presented in the table above. Total net payables are shown in parenthesis.

2. The following table summarizes financial instruments whose fair value is extremely difficult to estimate.

Description	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Non-listed equity securities.....	¥33,482	¥28,755	\$279,023
Investments in securities, etc.	5,309	5,394	44,248
Total	¥38,792	¥34,150	\$323,271

Quoted market prices are not available for these securities. Since it is extremely difficult to estimate their fair value, the fair value is not disclosed.

3. Repayment schedule of time deposits, notes and accounts receivable-trade, securities and investments in securities, and long-term loans.

Description	Millions of yen				Thousands of U.S. dollars			
	2015				2015			
	Within one year	Over one year within five years	Over five years within ten years	Over ten years	Within one year	Over one year within five years	Over five years within ten years	Over ten years
Time deposits	¥ 461,454	¥ —	¥ —	¥ —	\$3,845,456	\$ —	\$ —	\$ —
Notes and accounts receivable-trade	292,748	—	—	—	2,439,572	—	—	—
Securities and investments in securities	304,180	3,045	5,123	—	2,534,837	25,380	42,693	—
Long-term loans.....	—	2,595	1,163	3,846	—	21,625	9,695	32,050
Total	¥1,058,383	¥5,640	¥6,286	¥3,846	\$8,819,866	\$47,006	\$52,389	\$32,050

Description	Millions of yen			
	2014			
	Within one year	Over one year within five years	Over five years within ten years	Over ten years
Time deposits	¥363,296	¥ —	¥ —	¥ —
Notes and accounts receivable-trade	267,243	—	—	—
Securities and investments in securities	274,289	3,130	5,000	—
Long-term loans.....	—	2,285	1,509	3,364
Total	¥904,829	¥5,415	¥6,509	¥3,364

4. Repayment schedule of short-term borrowings, long-term debt and lease obligations.

Description	Millions of yen					
	2015					
	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years
Short-term borrowings	¥6,371	¥ —	¥ —	¥—	¥—	¥—
Long-term debt	453	1,594	5,395	68	6	50
Lease obligations	158	110	71	30	14	1
Total	¥6,983	¥1,705	¥5,467	¥99	¥21	¥51

Description	Thousands of U.S. dollars					
	2015					
	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years
Short-term borrowings	\$53,097	\$ —	\$ —	\$ —	\$ —	\$ —
Long-term debt	3,778	13,290	44,964	570	58	417
Lease obligations	1,321	918	597	257	121	9
Total	\$58,196	\$14,209	\$45,561	\$827	\$179	\$427

Description	Millions of yen					
	2014					
	Within one year	Over one year within two years	Over two years within three years	Over three years within four years	Over four years within five years	Over five years
Short-term borrowings.....	¥7,133	¥ —	¥ —	¥ —	¥—	¥—
Long-term debt	390	455	1,596	5,396	68	39
Lease obligations	217	194	87	47	8	1
Total	¥7,741	¥650	¥1,684	¥5,444	¥77	¥40

5. SECURITIES

Securities as of March 31, 2015 and 2014 consisted of the following:

(1) Held-to-maturity debt securities

Description	Millions of yen						Thousands of U.S. dollars		
	2015			2014			2015		
	Book value	Fair value	Difference	Book value	Fair value	Difference	Book value	Fair value	Difference
Securities with fair value that exceeds book value.....	¥6,106	¥6,176	¥ 70	¥6,109	¥6,137	¥ 27	\$50,886	\$51,470	\$ 584
Securities with fair value that does not exceed book value.....	2,789	2,762	(26)	2,083	2,058	(25)	23,243	23,020	(223)
Total	¥8,895	¥8,938	¥ 43	¥8,193	¥8,195	¥ 1	\$74,130	\$74,491	\$ 361

(2) Available-for-sale securities

Description	Millions of yen						Thousands of U.S. dollars		
	2015			2014			2015		
	Book value	Acquisition cost	Difference	Book value	Acquisition cost	Difference	Book value	Acquisition cost	Difference
Securities with book value that exceeds acquisition cost.....	¥ 72,945	¥ 37,755	¥35,190	¥ 47,151	¥ 26,660	¥20,490	\$ 607,875	\$ 314,625	\$293,250
Securities with book value that does not exceed acquisition cost.....	306,563	306,667	(104)	286,422	288,192	(1,769)	2,554,694	2,555,563	(869)
Total	¥379,508	¥344,422	¥35,085	¥333,574	¥314,852	¥18,721	\$3,162,570	\$2,870,188	\$292,381

Note: Non-listed equity securities, with a book value of ¥3,949 million (\$32,913 thousand) and ¥4,008 million, and other investment securities with a book value of ¥5,309 million (\$44,248 thousand) and ¥5,394 million, as of March 31, 2015 and 2014, respectively, whose fair value is extremely difficult to estimate are excluded from the above.

(3) Loss on impairment of securities

Impairment loss on available-for-sale securities of ¥1,379 million (\$11,497 thousand) was recognized for the fiscal year ended March 31, 2015. Impairment loss on available-for-sale securities for the fiscal year ended March 31, 2014 is not presented as the amount is immaterial.

6. DERIVATIVE TRANSACTIONS

(1) Derivative transactions to which hedge accounting is not applied:

1) Currency related:

As of March 31, 2015

Description	Millions of yen			Thousands of U.S. dollars		
	Contract amounts	Fair value	Unrealized gain (loss)	Contract amounts	Fair value	Unrealized gain (loss)
Forward foreign exchange contracts						
Sales contracts:						
USD.....	¥71,417	¥(1,412)	¥(1,412)	\$595,148	\$(11,773)	\$(11,773)
EUR.....	3,538	94	94	29,489	786	786
Other.....	1,684	4	4	14,036	33	33
Purchase contracts:						
USD.....	553	(2)	(2)	4,614	(22)	(22)
Other.....	7,761	(530)	(530)	64,677	(4,421)	(4,421)
Total	¥84,955	¥(1,847)	¥(1,847)	\$707,966	\$(15,395)	\$(15,395)

As of March 31, 2014

Description	Millions of yen		
	Contract amounts	Fair value	Unrealized gain (loss)
Forward foreign exchange contracts			
Sales contracts:			
USD.....	¥ 7,377	¥ 39	¥ 39
EUR.....	4,100	(194)	(194)
Other.....	1,916	24	24
Purchase contracts:			
USD.....	600	(4)	(4)
Other.....	4,727	(534)	(534)
Total	¥18,721	¥(670)	¥(670)

Note: The fair value is provided by counterparty financial institutions.

2) Interest related:
As of March 31, 2015

Description	Millions of yen			Thousands of U.S. dollars		
	Contract amounts	Fair value	Unrealized gain (loss)	Contract amounts	Fair value	Unrealized gain (loss)
Interest rate swap contracts						
Receive floating, pay fixed.....	¥91	¥(0)	¥(0)	\$759	\$(6)	\$(6)
Total	¥91	¥(0)	¥(0)	\$759	\$(6)	\$(6)

As of March 31, 2014

Description	Millions of yen		
	Contract amounts	Fair value	Unrealized gain (loss)
Interest rate swap contracts			
Receive floating, pay fixed.....	¥142	¥(1)	¥(1)
Total	¥142	¥(1)	¥(1)

Note: The fair value is provided by counterparty financial institutions.

[2] Derivative transactions to which hedge accounting is applied:

1) Currency related:
As of March 31, 2015

Hedge accounting method	Transaction	Hedged items	Millions of yen			Thousands of U.S. dollars			
			Contract amounts	Contract amounts over one year	Fair value	Contract amounts	Contract amounts over one year	Fair value	
Deferral hedge accounting	Forward foreign exchange contracts: Sales contracts	USD	Accounts receivable-trade	¥15,438	¥—	¥(136)	\$128,650	\$—	\$(1,136)
				Total	¥15,438	¥—	¥(136)	\$128,650	\$—

As of March 31, 2014

Hedge accounting method	Transaction	Hedged items	Millions of yen				
			Contract amounts	Contract amounts over one year	Fair value		
Deferral hedge accounting	Forward foreign exchange contracts: Sales contracts	USD	Accounts receivable-trade	¥19,950	¥—	¥ 315	
		Purchase contracts	EUR	Accounts payable-trade	1,346	—	487
			Foreign currency swap contracts: Receive USD pay THB	Long-term debt	1,051	—	(240)
Total			¥22,349	¥—	¥ 562		

Note: The fair value is provided by counterparty financial institutions.

2) Interest related:
As of March 31, 2015
Not applicable.

As of March 31, 2014

Hedge accounting method	Transaction	Hedged items	Millions of yen		
			Contract amounts	Contract amounts over one year	Fair value
Deferral hedge accounting	Interest rate swap contracts: Receive floating, pay fixed	Long-term debt	¥745	¥—	¥(9)
Total			¥745	¥—	¥(9)

Note: The fair value is provided by counterparty financial institutions.

7. INVESTMENTS IN UNCONSOLIDATED SUBSIDIARIES AND AFFILIATES

Investments in unconsolidated subsidiaries and affiliates as of March 31, 2015 and 2014 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Investments in securities (Stocks).....	¥52,243	¥47,114	\$435,358
Other (Investments in capital).....	6,536	5,218	54,470

8. ACCUMULATED DEPRECIATION

Accumulated depreciation of property, plant and equipment as of March 31, 2015 and 2014 was ¥1,862,014 million (\$15,516,787 thousand) and ¥1,730,579 million, respectively.

9. SHORT-TERM BORROWINGS, LONG-TERM DEBT AND LEASE OBLIGATIONS

Short-term borrowings, long-term debt and lease obligations as of March 31, 2015 and 2014 consisted of the following:

	Average interest rate	Due date	Millions of yen		Thousands of U.S. dollars
			2015	2014	2015
Short-term borrowings	1.0%	—	¥ 6,371	¥ 7,133	\$ 53,097
Current portion of long-term debt	1.1%	—	453	390	3,778
Current portion of lease obligations.....	—	—	158	217	1,321
Long-term debt, excluding current portion	0.8%	January 2016 – May 2022	7,116	7,557	59,301
Lease obligations, excluding current portion	—	January 2016 – September 2021	228	339	1,904
Total			¥14,328	¥15,638	\$119,402

Notes: 1. Average interest rate is the weighted average rate based on the balance as of March 31, 2015.

2. Average interest rate of lease obligations is not shown as the balance includes the interest portion.

3. Repayment schedule subsequent to March 31, 2015 for long-term debt and lease obligations, excluding the current portion, is as follows:

Years ending March 31,	Millions of yen		Thousands of U.S. dollars	
	Long-term debt	Lease obligations	Long-term debt	Lease obligations
2016.....	¥1,594	¥110	\$13,290	\$918
2017.....	5,395	71	44,964	597
2018.....	68	30	570	257
2019.....	6	14	58	121

10. RETIREMENT AND PENSION PLANS

The Company and its domestic consolidated subsidiaries have defined contribution pension plans (DC pension plans) and lump-sum severance payment plans as their defined benefit pension plans.

Certain overseas consolidated subsidiaries have defined benefit pension plans while others have defined contribution pension plans. Additionally, the Company has a "Retirement Benefit Trust."

Information on defined benefit pension plans for the fiscal years ended March 31, 2015 and 2014 is as follows:

1. Defined Benefit Pension Plans

(1) Changes in Benefit Obligations

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Beginning balance of benefit obligations.....	¥47,551	¥40,595	\$396,265
Cumulative effects of changes in accounting policies	563	—	4,696
Restated balance.....	48,115	40,595	400,962
Service costs.....	3,612	3,380	30,107
Interest costs.....	1,376	1,196	11,472
Actuarial differences arising during the year.....	5,494	(1,335)	45,783
Retirement benefits paid.....	(2,379)	(1,525)	(19,831)
Other*.....	5,588	5,240	46,567
Ending balance of benefit obligations	¥61,807	¥47,551	\$515,061

*Mainly foreign currency translation adjustments

(2) Changes in Pension Assets

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Beginning balance of pension assets.....	¥21,810	¥17,670	\$181,754
Expected return on pension assets	1,020	831	8,502
Actuarial differences arising during the year.....	1,109	740	9,244
Contributions made by the Company and consolidated subsidiaries	2,873	764	23,948
Retirement benefits paid.....	(795)	(791)	(6,633)
Other*.....	4,428	2,593	36,905
Ending balance of pension assets	¥30,446	¥21,810	\$253,721

*Mainly foreign currency translation adjustments

(3) Reconciliation of benefit obligations and pension assets with net defined benefit liability and asset on the Consolidated Balance Sheets

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Funded benefit obligations	¥ 55,159	¥ 41,711	\$ 459,663
Pension assets	(30,446)	(21,810)	(253,721)
Net.....	24,713	19,901	205,941
Unfunded benefit obligations.....	6,647	5,840	55,398
Net amount of liability and asset on Consolidated Balance Sheets	¥ 31,360	¥ 25,741	\$ 261,339

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Net defined benefit liability	¥33,401	¥28,127	\$278,343
Net defined benefit asset	(2,040)	(2,386)	(17,003)
Net amount of liability and asset on Consolidated Balance Sheets	¥31,360	¥25,741	\$261,339

(4) Retirement Benefit Expenses

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Service costs.....	¥3,612	¥3,380	\$30,107
Interest costs.....	1,376	1,196	11,472
Expected return on pension assets.....	(1,020)	(831)	(8,502)
Amortization of actuarial differences.....	1,464	485	12,205
Amortization of prior service cost.....	16	(89)	139
Retirement benefit expenses for defined benefit pension plans.....	¥5,450	¥4,141	\$45,422

(5) Remeasurements of Defined Benefit Plans (Other Comprehensive Income)

Breakdown (before deduction of tax effects)

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Actuarial differences.....	¥(2,913)	¥—	\$(24,280)
Prior service cost, etc.....	28	—	235
Total	¥(2,885)	¥—	\$(24,044)

(6) Remeasurements of Defined Benefit Plans (Accumulated Other Comprehensive Income)

Breakdown (before deduction of tax effects)

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Unrecognized actuarial differences.....	¥(4,786)	¥(1,873)	\$(39,891)
Unrecognized prior service cost, etc.....	(35)	(63)	(291)
Total	¥(4,821)	¥(1,936)	\$(40,182)

(7) Pension Assets

Breakdown

	2015	2014
Bonds.....	39%	40%
Stocks.....	34%	32%
Other.....	27%	28%
Total	100%	100%

(Note) 21% and 24% of total pension assets are in a "Retirement Benefit Trust" for lump-sum severance payment plans as of March 31, 2015 and 2014, respectively.

Rate of expected return on pension assets

The expected return on pension assets is determined based on the current and estimated future rates of return on various pension assets.

(8) Basic Assumptions for Calculating Benefit Obligations

	2015	2014
Discount rate.....	Mainly 0.4%	Mainly 1.5%
Expected rate of return on pension assets.....	Mainly 2.0%	Mainly 2.0%

2. Defined Contribution Pension Plans

Contributions to defined contribution pension plans by the Company and its consolidated subsidiaries

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
	¥2,186	¥2,078	\$18,222

11. COMMITMENT AND CONTINGENT LIABILITIES

The Companies were contingently liable as guarantors of housing loans for employees and of loans by unconsolidated subsidiaries, affiliates and others as of March 31, 2015 and 2014 in the aggregate amounts of ¥324 million (\$2,701 thousand) and ¥393 million, respectively.

12. RETAINED EARNINGS

(1) Cash dividends from retained earnings represent dividends with an effective date during the fiscal year. Details of cash dividends paid during the fiscal years ended March 31, 2015, 2014 and 2013 are as follows:

Resolution	Type of shares	Record date	Effective date	Millions of yen		Thousands of U.S. dollars	
				Total amount of dividends	Cash dividends per share	Total amount of dividends	Cash dividends per share
Fiscal year ended March 31, 2015							
Ordinary general meeting of shareholders held on June 27, 2014	Common stock	March 31, 2014	June 30, 2014	¥21,284	¥50.00	\$177,372	\$0.41
Board of directors meeting held on October 28, 2014	Common stock	September 30, 2014	November 18, 2014	21,288	50.00	177,405	0.41
Total				¥42,573		\$354,777	

Resolution	Type of shares	Record date	Effective date	Millions of yen		Yen	
				Total amount of dividends	Cash dividends per share	Total amount of dividends	Cash dividends per share
Fiscal year ended March 31, 2014							
Ordinary general meeting of shareholders held on June 27, 2013	Common stock	March 31, 2013	June 28, 2013	¥21,245		¥50.00	
Board of directors meeting held on October 24, 2013	Common stock	September 30, 2013	November 18, 2013	21,259		50.00	
Total				¥42,505			
Fiscal year ended March 31, 2013							
Ordinary general meeting of shareholders held on June 28, 2012	Common stock	March 31, 2012	June 29, 2012	¥21,229		¥50.00	
Board of directors meeting held on October 25, 2012	Common stock	September 30, 2012	November 19, 2012	21,229		50.00	
Total				¥42,459			

(2) Cash dividends for the fiscal years ended March 31, 2015 and 2014 with an effective date in the subsequent fiscal year are as follows:

Resolution	Type of shares	Source of dividends	Record date	Effective date	Millions of yen		Thousands of U.S. dollars	
					Total amount of dividends	Cash dividends per share	Total amount of dividends	Cash dividends per share
Fiscal year ended March 31, 2015								
Ordinary general meeting of shareholders held on June 26, 2015	Common stock	Retained earnings	March 31, 2015	June 29, 2015	¥21,294	¥50.00	\$177,458	\$0.41

Resolution	Type of shares	Source of dividends	Record date	Effective date	Millions of yen		Yen	
					Total amount of dividends	Cash dividends per share	Total amount of dividends	Cash dividends per share
Fiscal year ended March 31, 2014								
Ordinary general meeting of shareholders held on June 27, 2014	Common stock	Retained earnings	March 31, 2014	June 30, 2014	¥21,284		¥50.00	

13. SHARE SUBSCRIPTION RIGHTS

Fiscal year ended March 31, 2015

Issuer	Description	Type of shares subject to share subscription rights	Number of shares subject to share subscription rights				Millions of yen	Thousands of U.S. dollars
			Beginning balance	Increase	Decrease	Ending balance	Balance at March 31, 2015	Balance at March 31, 2015
The Company	Stock options	Common stock	347,000	—	244,500	102,500	¥ 81	\$ 677
Consolidated subsidiary	—	—	—	—	—	—	58	485
Total							¥139	\$1,163

Fiscal year ended March 31, 2014

Issuer	Description	Type of shares subject to share subscription rights	Number of shares subject to share subscription rights				Millions of yen
			Beginning balance	Increase	Decrease	Ending balance	Balance at March 31, 2014
The Company	Stock options	Common stock	1,915,300	—	1,568,300	347,000	¥292
Consolidated subsidiary	—	—	—	—	—	—	133
Total							¥426

14. STOCK OPTIONS

(1) Shin-Etsu Chemical Co., Ltd.

There were no stock option expenses recorded for the fiscal years ended March 31, 2015 and 2014. Gains on forfeited stock options for the fiscal years ended March 31, 2015 and 2014 were ¥43 million (\$360 thousand) and ¥724 million, respectively.

Stock options as of March 31, 2015 were as follows:

	2011	2010
Grantees	75 employees of the Company	68 employees of the Company
Number of stock options granted by category of stock (in shares)	293,000 shares of common stock	272,000 shares of common stock
Grant date	July 27, 2011	October 29, 2010
Vesting conditions	None	None
Exercise period	July 28, 2012 through March 31, 2016	October 30, 2011 through March 31, 2015

Movement in stock options during the fiscal year ended March 31, 2015 was as follows:

	Number of shares		
	2011	2010	2009
Beginning balance (Stock options outstanding)	210,000	102,000	35,000
Granted	—	—	—
Exercised	119,500	90,000	—
Forfeited	—	—	35,000
Ending balance (Stock options outstanding)	90,500	12,000	—
	Yen		
Exercise price	¥4,423	¥4,352	¥—
Weighted average market value per share at the exercise date	7,418	7,299	—
Fair value per share at the grant date	789	823	—
	U.S. dollars		
Exercise price	\$36.86	\$36.27	\$—
Weighted average market value per share at the exercise date	61.82	60.83	—
Fair value per share at the grant date	6.58	6.86	—

[2] Shin-Etsu Polymer Co., Ltd.

There were no stock option expenses recorded for the fiscal years ended March 31, 2015 and 2014. Gains on forfeited stock options for the fiscal years ended March 31, 2015 and 2014 were ¥62 million (\$520 thousand) and ¥50 million, respectively.

Stock options as of March 31, 2015 were as follows:

	2012	2011	2010
Grantees	10 Directors 15 Employees 11 Directors of its subsidiaries	9 Directors 13 Employees 8 Directors of its subsidiaries	9 Directors 14 Employees 10 Directors of its subsidiaries
Number of stock options granted by category of stock (in shares)	475,000 shares of common stock	440,000 shares of common stock	455,000 shares of common stock
Grant date	September 5, 2012	October 5, 2011	September 2, 2010
Vesting conditions	None	None	None
Exercise period	December 1, 2012 through November 30, 2017	December 1, 2011 through November 30, 2016	December 1, 2010 through November 30, 2015

	2009
Grantees	9 Directors 12 Employees 13 Directors of its subsidiaries
Number of stock options granted by category of stock (in shares)	445,000 shares of common stock
Grant date	September 2, 2009
Vesting conditions	None
Exercise period	December 1, 2009 through November 30, 2014

Movement in stock options during the fiscal year ended March 31, 2015 was as follows:

	Number of shares			
	2012	2011	2010	2009
Beginning balance (Stock options outstanding)	475,000	440,000	450,000	440,000
Granted	—	—	—	—
Exercised.....	180,000	102,800	28,700	—
Forfeited.....	—	10,000	10,000	440,000
Ending balance (Stock options outstanding).....	295,000	327,200	411,300	—
	Yen			
Exercise price	¥342	¥414	¥505	¥653
Weighted average market value per share at the exercise date	529	536	587	—
Fair value per share at the grant date.....	34	47	80	139
	U.S. dollars			
Exercise price	\$2.85	\$3.45	\$4.21	\$5.44
Weighted average market value per share at the exercise date	4.41	4.47	4.89	—
Fair value per share at the grant date.....	0.28	0.39	0.67	1.16

15. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES

Selling, general and administrative expenses for the fiscal years ended March 31, 2015, 2014 and 2013 mainly consisted of the following:

	Millions of yen			Thousands of U.S. dollars
	2015	2014	2013	2015
Shipping expenses	¥33,667	¥29,399	¥24,983	\$280,562
Salaries and allowances	23,206	21,370	18,843	193,385
Provision for bonuses for employees	1,452	1,403	1,235	12,100
Provision for bonuses for directors	529	439	373	4,413
Retirement benefit expenses	441	517	582	3,678
Provision for retirement bonuses for directors	8	7	52	74
Depreciation and amortization	2,152	1,965	1,523	17,937
Technical research expenses	18,138	18,132	11,740	151,154
<Including retirement benefit expenses>	<138>	<127>	<115>	<1,151>
Provision of allowance for doubtful accounts	1,607	81	150	13,399

16. RESEARCH AND DEVELOPMENT COSTS

Research and development costs incurred and charged to income for the fiscal years ended March 31, 2015, 2014 and 2013 were ¥47,165 million (\$393,049 thousand), ¥43,546 million and ¥37,671 million, respectively.

17. LEASE TRANSACTIONS

Lease expenses on finance lease contracts under which ownership of the leased assets is not transferred to the lessee charged to income for the fiscal years ended March 31, 2015 and 2014 amounted to ¥3 million (\$25 thousand) and ¥19 million, respectively. Lease expenses corresponding to depreciation expenses, not charged to income, for the fiscal years ended March 31, 2015 and 2014, which were computed by the straight-line method over the terms of the relevant lease contracts with no residual value, amounted to ¥3 million (\$25 thousand) and ¥19 million, respectively.

Pro forma information regarding leased assets, such as acquisition cost and accumulated depreciation, as of March 31, 2015 and 2014 is as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Acquisition cost	¥29	¥77	\$245
Accumulated depreciation	29	55	245
Net book value	¥—	¥22	\$ —

The portion of interest thereon, is summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Future Lease Payments:			
Within one year	¥—	¥15	\$—
Over one year	—	6	—
	¥—	¥22	\$—

The amounts of outstanding future lease payments due in respect of operating lease contracts at March 31, 2015 and 2014 are summarized as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Future Lease Payments:			
Within one year	¥1,662	¥1,482	\$13,855
Over one year	3,651	2,247	30,428
	¥5,314	¥3,730	\$44,283

18. INCOME TAXES

The Company and its domestic subsidiaries are subject to a number of Japanese income taxes, which, in the aggregate, resulted in statutory tax rates of approximately 35.4% and 37.8% for the fiscal years ended March 31, 2015 and 2014, respectively.

The tax effects of significant temporary differences and tax loss carry forwards that resulted in deferred tax assets or liabilities at March 31, 2015 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Deferred Tax Assets:			
Depreciation and amortization.....	¥ 14,033	¥ 14,266	\$ 116,943
Net defined benefit liability.....	9,946	8,405	82,890
Unrealized profit.....	6,107	4,927	50,895
Maintenance costs.....	4,818	4,798	40,154
Accrued bonuses.....	3,376	3,429	28,139
Allowance for doubtful accounts.....	2,734	1,784	22,788
Unsettled accounts receivable and payable.....	2,684	3,290	22,367
Accrued enterprise taxes.....	2,237	2,292	18,645
Tax loss carry forwards.....	985	868	8,213
Unrealized gains/losses on available-for-sale securities.....	99	61	826
Other.....	22,382	19,902	186,519
Valuation allowance.....	(5,173)	(4,987)	(43,110)
Total.....	¥ 64,233	¥ 59,039	\$ 535,275
Deferred Tax Liabilities:			
Depreciation and amortization.....	¥ 89,729	¥ 79,489	\$ 747,741
Unrealized gains/losses on available-for-sale securities.....	11,354	6,690	94,621
Reserve for special depreciation.....	112	157	938
Other.....	8,058	7,778	67,153
Total.....	¥109,254	¥ 94,116	\$ 910,455
Net deferred tax assets (liabilities).....	¥ (45,021)	¥(35,077)	\$(375,180)

Net deferred tax assets (liabilities) are included in the following accounts:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Current assets: Deferred taxes, current.....	¥ 36,721	¥ 33,105	\$ 306,008
Fixed assets: Deferred taxes, non-current.....	15,858	16,427	132,155
Current liabilities: Other.....	(4,029)	(3,675)	(33,581)
Long-term liabilities: Deferred taxes, non-current.....	(93,571)	(80,934)	(779,762)

A reconciliation of the difference between the statutory tax rate and effective rate on taxable income for the fiscal years ended March 31, 2015 and 2014 is as follows:

	2015	2014
Statutory tax rate.....	35.4%	37.8%
Rate difference from foreign subsidiaries.....	(1.3)	(2.8)
Equity in (earnings) losses of affiliates.....	0.1	(0.3)
Dividend and other non-taxable income.....	(2.1)	(2.3)
Elimination of intercompany dividend income.....	2.1	2.2
Tax deduction for research expenses.....	(1.6)	(1.2)
Entertainment and other non-deductible expenses.....	0.2	0.2
Adjustment on deferred tax assets due to change in income tax rate.....	1.7	1.2
Other, net.....	(0.2)	1.6
Effective tax rate.....	34.4	36.4

Change in statutory effective tax rate

The "Act for Partial Amendment of the Income Tax Act, etc." (Act No. 9 of 2015) and the "Act for Partial Amendment of the Local Tax Act, etc." (Act No. 2 of 2015) were promulgated on March 31, 2015 and, as a result, tax rates became or will become lower from fiscal years beginning on or after April 1, 2015.

As a result, the effective statutory tax rate used to measure the Company's deferred tax assets and liabilities was changed from 35.4% to 32.8% for the temporary differences expected to be realized or settled from the fiscal year beginning on April 1, 2015, and to 32.1% for the temporary differences expected to be realized or settled from fiscal years beginning on or after April 1, 2016.

The effect of the announced reduction of the effective statutory tax rate was to decrease deferred tax assets (after offsetting deferred tax liabilities) and deferred gains on hedges by ¥2,053 million (\$17,113 thousand) and ¥2 million (\$22 thousand), respectively, and increase unrealized gains on available-for-sale securities, remeasurements of defined benefit plans and deferred income taxes by ¥1,347 million (\$11,230 thousand), ¥21 million (\$177 thousand) and ¥3,419 million (\$28,499 thousand), respectively, as of and for the fiscal year ended March 31, 2015.

19. OTHER COMPREHENSIVE INCOME

Reclassification adjustments and tax effects of each component of other comprehensive income for the fiscal years ended March 31, 2015 and 2014 are as follows:

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Unrealized gains (losses) on available-for-sale securities			
Amount arising during the year	¥15,616	¥ (918)	\$130,141
Reclassification adjustment for gains and losses included in net income.....	985	(1)	8,212
Unrealized gains (losses) on available-for-sale securities before tax.....	16,602	(920)	138,353
Tax effect.....	(4,623)	(201)	(38,531)
Unrealized gains (losses) on available-for-sale securities	11,978	(1,122)	99,821
Deferred gains (losses) on hedges			
Amount arising during the year	(378)	816	(3,152)
Reclassification adjustment for gains and losses included in net income.....	(555)	(385)	(4,633)
Deferred gains (losses) on hedges before tax.....	(934)	430	(7,785)
Tax effect.....	348	(120)	2,906
Deferred gains (losses) on hedges	(585)	309	(4,878)
Foreign currency translation adjustments			
Amount arising during the year	92,686	125,605	772,390
Remeasurements of defined benefit plans			
Amount arising during the year	(4,391)	—	(36,595)
Reclassification adjustment for gains and losses included in net income.....	1,481	—	12,345
Remeasurements of defined benefit plans before tax.....	(2,910)	—	(24,250)
Tax effect.....	973	—	8,109
Remeasurements of defined benefit plans.....	(1,936)	—	(16,140)
Share of other comprehensive income of affiliates accounted for using the equity method			
Amount arising during the year	259	1,835	2,159
Reclassification adjustment for gains and losses included in net income.....	12	—	102
Share of other comprehensive income of affiliates accounted for using the equity method.....	271	1,835	2,262
Total other comprehensive income	¥102,414	¥126,627	\$853,455

20. SUPPLEMENTAL CASH FLOW INFORMATION

Cash and cash equivalents on the consolidated statements of cash flows consist of cash in hand, deposits that can be withdrawn on demand and liquid investments easily convertible into cash that mature within approximately three months from the acquisition date and that have insignificant risk exposure in terms of fluctuation in value.

Reconciliations between cash and cash equivalents and the related accounts shown in the consolidated balance sheets as of March 31, 2015, 2014 and 2013 are presented below:

	Millions of yen			Thousands of U.S. dollars
	2015	2014	2013	2015
Cash and time deposits.....	¥ 461,489	¥ 363,339	¥252,881	\$ 3,845,748
Securities.....	304,180	274,282	214,380	2,534,837
Time deposits (maturities over three months).....	(86,572)	(66,831)	(47,438)	(721,441)
Securities (maturities over three months).....	(255,250)	(208,230)	(56,794)	(2,127,087)
Cash and cash equivalents	¥ 423,846	¥ 362,560	¥363,028	\$ 3,532,057

21. SEGMENT AND RELATED INFORMATION

1. Segment information

(1) Overview of reportable segments

The reportable segments in the Shin-Etsu Group are defined as individual units for which discrete financial information is available and that are subject to regular review to evaluate their operating results and allocate management resources by the highest decision making body of the Company, such as the Managing Directors' Meeting.

The Shin-Etsu Group conducts business through each business division and affiliated companies based on specific products and services, consisting of the following six segments: "PVC/Chlor-Alkali Business," "Silicones Business," "Specialty Chemicals Business," "Semiconductor Silicon Business," "Electronics & Functional Materials Business" and "Diversified Business." Consequently, these six businesses are specified as reportable segments.

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 trading, Engineering

(2) Calculation of income, assets and liabilities of reportable segments

Segment income denotes operating income, and the accounting methods applied are identical to those stated in the "Basis of presenting consolidated financial statements." Internal revenues and transfers arising from transactions among the segments are based on market prices in general.

Assets and liabilities are not allocated to business segments.

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

	Millions of yen							Adjustment ⁽¹⁾	Figures in consolidated financial statements
	2015								
	PVC/Chlor-Alkali	Silicones	Specialty Chemicals	Semiconductor Silicon	Electronics & Functional Materials	Diversified	Total		
Sales to outside customers.....	¥452,656	¥177,438	¥112,347	¥230,016	¥183,505	¥ 99,579	¥1,255,543	¥ —	¥1,255,543
Intersegment sales	3,906	5,859	12,582	2	7,058	71,725	101,135	(101,135)	—
Total	¥456,563	¥183,297	¥124,930	¥230,019	¥190,563	¥171,304	¥1,356,679	¥(101,135)	¥1,255,543
Segment income (Operating income).....	¥ 50,264	¥ 33,414	¥ 15,278	¥ 35,609	¥ 46,208	¥ 4,826	¥ 185,601	¥ (272)	¥ 185,329
Depreciation and amortization.....	¥ 29,375	¥ 11,805	¥ 9,595	¥ 24,412	¥ 15,236	¥ 5,413	¥ 95,839	¥ (234)	¥ 95,604
Amortization of goodwill ...	¥ —	¥ 162	¥ 1,115	¥ —	¥ —	¥ 35	¥ 1,313	¥ —	¥ 1,313
Increase in property, plant and equipment and intangible assets.....	¥ 44,422	¥ 12,947	¥ 16,147	¥ 15,889	¥ 16,407	¥ 4,516	¥ 110,331	¥ (427)	¥ 109,903

Millions of yen									
2014									
	PVC/Chlor-Alkali	Silicones	Specialty Chemicals	Semiconductor Silicon	Electronics & Functional Materials	Diversified	Total	Adjustment ⁽¹⁾	Figures in consolidated financial statements
Sales to outside customers.....	¥427,845	¥156,437	¥103,204	¥213,233	¥170,986	¥ 94,113	¥1,165,819	¥ —	¥1,165,819
Intersegment sales	3,814	5,045	9,942	14	4,411	56,909	80,138	(80,138)	—
Total	¥431,660	¥161,482	¥113,146	¥213,247	¥175,398	¥151,022	¥1,245,957	¥(80,138)	¥1,165,819
Segment income (Operating income).....	¥ 60,150	¥ 31,807	¥ 12,757	¥ 24,459	¥ 40,969	¥ 3,669	¥ 173,813	¥ (4)	¥ 173,809
Depreciation and amortization.....	¥ 26,507	¥ 10,858	¥ 9,137	¥ 24,603	¥ 14,672	¥ 4,345	¥ 90,123	¥ (239)	¥ 89,884
Amortization of goodwill ...	¥ —	¥ 119	¥ 1,030	¥ 357	¥ —	¥ 53	¥ 1,560	¥ —	¥ 1,560
Increase in property, plant and equipment and intangible assets ⁽²⁾	¥ 15,174	¥ 11,295	¥ 11,883	¥ 14,580	¥ 14,417	¥ 3,237	¥ 70,590	¥ (34)	¥ 70,555

Millions of yen									
2013									
	PVC/Chlor-Alkali	Silicones	Specialty Chemicals	Semiconductor Silicon	Electronics & Functional Materials	Diversified	Total	Adjustment ⁽¹⁾	Figures in consolidated financial statements
Sales to outside customers.....	¥343,697	¥129,029	¥83,526	¥202,466	¥182,781	¥ 83,907	¥1,025,409	¥ —	¥1,025,409
Intersegment sales	3,385	4,608	8,122	3	3,234	60,900	80,254	(80,254)	—
Total	¥347,082	¥133,638	¥91,649	¥202,470	¥186,015	¥144,808	¥1,105,663	¥(80,254)	¥1,025,409
Segment income (Operating income).....	¥ 45,552	¥ 28,643	¥14,467	¥ 21,937	¥ 40,863	¥ 5,601	¥ 157,065	¥ (22)	¥ 157,043
Depreciation and amortization.....	¥ 20,416	¥ 8,245	¥ 8,105	¥ 26,193	¥ 13,754	¥ 3,708	¥ 80,424	¥ (284)	¥ 80,139
Amortization of goodwill ...	¥ —	¥ —	¥ 815	¥ —	¥ —	¥ 6	¥ 822	¥ 0	¥ 822
Increase in property, plant and equipment and intangible assets ⁽³⁾	¥ 18,478	¥ 15,374	¥12,193	¥ 14,828	¥ 18,209	¥ 4,161	¥ 83,245	¥ (226)	¥ 83,018

	Thousands of U.S. dollars								Figures in consolidated financial statements
	2015								
	PVC/Chlor-Alkali	Silicones	Specialty Chemicals	Semiconductor Silicon	Electronics & Functional Materials	Diversified	Total	Adjustment ⁽¹⁾	
Sales to outside customers.....	\$3,772,140	\$1,478,651	\$ 936,228	\$1,916,804	\$1,529,208	\$ 829,830	\$10,462,864	\$ —	\$10,462,864
Intersegment sales	32,551	48,830	104,858	24	58,823	597,709	842,797	(842,797)	—
Total	\$3,804,692	\$1,527,482	\$1,041,086	\$1,916,828	\$1,588,031	\$1,427,540	\$11,305,662	\$(842,797)	\$10,462,864
Segment income (Operating income).....	\$ 418,872	\$ 278,450	\$ 127,323	\$ 296,747	\$ 385,067	\$ 40,217	\$ 1,546,680	\$ (2,268)	\$ 1,544,411
Depreciation and amortization.....	\$ 244,799	\$ 98,377	\$ 79,961	\$ 203,440	\$ 126,968	\$ 45,114	\$ 798,661	\$ (1,954)	\$ 796,706
Amortization of goodwill ...	\$ —	\$ 1,352	\$ 9,295	\$ —	\$ —	\$ 295	\$ 10,944	\$ —	\$ 10,944
Increase in property, plant and equipment and intangible assets.....	\$ 370,183	\$ 107,893	\$ 134,566	\$ 132,413	\$ 136,731	\$ 37,636	\$ 919,426	\$ (3,564)	\$ 915,861

Notes: [1] Elimination of intersegment transactions.

[2] During FY 2014, the Company acquired additional shares of Asia Silicones Monomer Limited (Silicones Business), which had been an equity-method affiliate until FY 2013. From FY 2014, it newly became a consolidated subsidiary. The expenditures (excluding goodwill) related to the additional acquisition of its shares of ¥12,600 million are not included in the table above. The total capital expenditures for FY 2014, including this acquisition, amounted to ¥83,155 million. (Capital expenditures for the Silicones Business amounted to ¥23,896 million.)

[3] During FY 2013, the Company made investments of ¥3,822 million in newly established unconsolidated subsidiaries: Shin-Etsu Electronics Materials Vietnam Co., Ltd., Shin-Etsu Magnetic Materials Vietnam Co., Ltd. and Shin-Etsu (Changting) Technology Co., Ltd. The expenditures related to the investments are not included in the table above. The total capital expenditures for the fiscal year ended March 31, 2013, including these investments, amounted to ¥86,841 million. (Capital expenditures for the Electronics & Functional Materials Business amounted to ¥22,031 million.)

2. Related information

Geographic information

(1) Net sales

	Millions of yen			Thousands of U.S. dollars
	2015	2014	2013	2015
Net sales				
Japan.....	¥ 351,203	¥ 335,632	¥ 334,288	\$ 2,926,691
U.S.	271,742	236,805	190,433	2,264,520
China.....	122,897	115,862	100,109	1,024,147
Asia / Oceania (excluding China).....	243,439	216,453	194,891	2,028,662
Europe.....	147,506	141,865	114,538	1,229,218
Other	118,754	119,200	91,147	989,623
Total	¥1,255,543	¥1,165,819	¥1,025,409	\$10,462,864

(2) Property, plant and equipment

	Millions of yen			Thousands of U.S. dollars
	2015	2014	2013	2015
Property, plant and equipment				
Japan.....	¥238,969	¥239,827	¥252,894	\$1,991,409
U.S.	404,120	336,574	284,774	3,367,671
Other	141,319	144,397	111,981	1,177,664
Total	¥784,409	¥720,799	¥649,650	\$6,536,745

3. Loss on impairment of fixed assets

Millions of yen								
2015								
	PVC/Chlor-Alkali	Silicones	Specialty Chemicals	Semiconductor Silicon	Electronics & Functional Materials	Diversified	Elimination or common asset	Total
Loss on impairment of fixed assets	¥—	¥4,679	¥—	¥—	¥—	¥—	¥—	¥4,679

Thousands of U.S. dollars								
2015								
	PVC/Chlor-Alkali	Silicones	Specialty Chemicals	Semiconductor Silicon	Electronics & Functional Materials	Diversified	Elimination or common asset	Total
Loss on impairment of fixed assets	\$—	\$38,995	\$—	\$—	\$—	\$—	\$—	\$38,995

Silicones Business segment:

Shin-Etsu Silicone (Nantong) Co., Ltd., a manufacturing and sales subsidiary in China, booked a ¥4,679 million (\$38,995 thousand) impairment loss as cost of sales in the consolidated statement of income.

4. Amortization of goodwill and unamortized balance

Millions of yen								
2015								
	PVC/Chlor-Alkali	Silicones	Specialty Chemicals	Semiconductor Silicon	Electronics & Functional Materials	Diversified	Elimination or common asset	Figures in consolidated financial statements
Amortization of goodwill	¥—	¥ 162	¥1,115	¥—	¥—	¥35	¥—	¥ 1,313
Unamortized balance	¥—	¥2,070	¥9,633	¥—	¥—	¥—	¥—	¥11,703

Millions of yen								
2014								
	PVC/Chlor-Alkali	Silicones	Specialty Chemicals	Semiconductor Silicon	Electronics & Functional Materials	Diversified	Elimination or common asset	Figures in consolidated financial statements
Amortization of goodwill	¥—	¥ 119	¥ 1,030	¥357	¥—	¥53	¥—	¥ 1,560
Unamortized balance	¥—	¥1,965	¥10,687	¥ —	¥—	¥—	¥—	¥12,652

Millions of yen								
2013								
	PVC/Chlor-Alkali	Silicones	Specialty Chemicals	Semiconductor Silicon	Electronics & Functional Materials	Diversified	Elimination or common asset	Figures in consolidated financial statements
Amortization of goodwill	¥—	¥—	¥ 815	¥—	¥—	¥ 6	¥ 0	¥ 822
Unamortized balance	¥—	¥—	¥9,363	¥—	¥—	¥—	¥—	¥9,363

Thousands of U.S. dollars								
2015								
	PVC/Chlor-Alkali	Silicones	Specialty Chemicals	Semiconductor Silicon	Electronics & Functional Materials	Diversified	Elimination or common asset	Figures in consolidated financial statements
Amortization of goodwill	\$—	\$ 1,352	\$ 9,295	\$—	\$—	\$295	\$—	\$10,944
Unamortized balance	\$—	\$17,250	\$80,275	\$—	\$—	\$ —	\$—	\$97,526

22. RELATED PARTY TRANSACTIONS

Transactions between the Company and related parties during the fiscal year ended March 31, 2015 are as follows:

Type	Name	Percentage of voting rights	Relationship	Transaction	Millions of yen			Thousands of U.S. dollars
					Transaction amount (Thousands of shares)	Account	Balance at the fiscal year end	Transaction amount (Thousands of shares)
Director	Susumu Ueno	Direct Ownership 0.00%	Director	Exercise of stock options (Note)	¥30 (7)	—	—	\$258 (7)
Director	Kazumasa Maruyama	Direct Ownership 0.00%	Director	Exercise of stock options (Note)	¥13 (3)	—	—	\$110 (3)

Note: Share subscription rights were approved at the board of directors meeting held on July 26, 2011 based on the resolution at the ordinary general meeting of shareholders held on June 29, 2011.

Transactions between the Company and related parties during the fiscal year ended March 31, 2014 are as follows:

Type	Name	Percentage of voting rights	Relationship	Transaction	Millions of yen		
					Transaction amount (Thousands of shares)	Account	Balance at the fiscal year end
Director	Chihiro Kanagawa	Direct Ownership 0.05%	Representative Director-Chairman	Exercise of stock options [Note 1]	¥960 (200)	—	—
Director	Shunzo Mori	Direct Ownership 0.01%	Representative Director-President	Exercise of stock options [Note 1]	¥24 (5)	—	—
Director	Fumio Akiya	Direct Ownership 0.00%	Representative Director-Executive Vice President	Exercise of stock options [Note 1]	¥336 (70)	—	—
Director	Yasuhiko Saitoh	Direct Ownership 0.00%	Representative Director-Executive Vice President	Exercise of stock options [Note 1]	¥203 (42.3)	—	—
Director	Toshinobu Ishihara	Direct Ownership 0.00%	Senior Managing Director	Exercise of stock options [Note 1]	¥72 (15)	—	—
Director	Kiichi Habata	Direct Ownership 0.00%	Managing Director	Exercise of stock options [Note 1]	¥72 (15)	—	—
Director	Koji Takasugi	Direct Ownership 0.00%	Managing Director	Exercise of stock options [Note 1]	¥144 (30)	—	—
Director	Masahiko Todoroki	Direct Ownership 0.00%	Managing Director	Exercise of stock options [Note 1]	¥33 (7)	—	—
Director	Toshiya Akimoto	Direct Ownership 0.00%	Managing Director	Exercise of stock options [Note 1]	¥72 (15)	—	—
Director	Fumio Arai	Direct Ownership 0.00%	Managing Director	Exercise of stock options [Note 1]	¥72 (15)	—	—
Director	Yukihiko Matsui	Direct Ownership 0.00%	Managing Director	Exercise of stock options [Note 1]	¥48 (10)	—	—
Director	Masaki Miyajima	Direct Ownership 0.01%	Director	Exercise of stock options [Note 1]	¥67 (14)	—	—
Director	Toshiyuki Kasahara	Direct Ownership 0.00%	Director	Exercise of stock options [Note 1]	¥43 (9)	—	—
Director	Hidenori Onezawa	Direct Ownership 0.00%	Director	Exercise of stock options [Note 1]	¥33 (7)	—	—
Director	Ken Nakamura	Direct Ownership 0.00%	Director	Exercise of stock options [Note 1]	¥43 (9)	—	—
Director	Hiroaki Okamoto	Direct Ownership 0.00%	Director	Exercise of stock options [Note 1]	¥72 (15)	—	—
Director	Susumu Ueno	Direct Ownership 0.00%	Director	Exercise of stock options [Note 2]	¥33 (7)	—	—
Director	Kazumasa Maruyama	Direct Ownership 0.00%	Director	Exercise of stock options [Note 2]	¥2 (0.5)	—	—

Note 1: Share subscription rights were approved at the board of directors meeting held on July 22, 2009.

Note 2: Share subscription rights were approved at the board of directors meeting held on July 22, 2009 based on the resolution at the ordinary general meeting of shareholders held on June 26, 2009.

23. CHANGES IN THE METHOD OF PRESENTATION

Consolidated Statements of Income

"Loss on valuation of investment securities" had been included in "Other, net" for the fiscal years ended March 31, 2014 and 2013. For the fiscal year ended March 31, 2015, it is disclosed as an independent item as it is greater than ten percent of the total of other expenses. The Company reclassified the consolidated statements of income for the fiscal years ended March 31, 2014 and 2013.

As a result, the amounts of "Other, net" for the fiscal years ended March 31, 2014 and 2013 of ¥[6,630] million and ¥[653] million have been reclassified to ¥[175] million and ¥[485] million as "Loss on valuation of investment securities", and ¥[6,454] million and ¥[168] million as "Other, net", respectively.

The amounts in the accompanying consolidated financial statements and the notes thereto, including the amounts for prior fiscal years, are stated in millions of yen with amounts less than ¥1 million omitted.

Consolidated Subsidiaries

SHIN-ETSU CHEMICAL CO., LTD. AND SUBSIDIARIES
As of March 31, 2015

Principal Consolidated Subsidiaries	Percentage of Voting Rights	Fiscal Year-End	Principal Consolidated Subsidiaries	Percentage of Voting Rights	Fiscal Year-End
Shintech Inc.*	100.0	December 31	Shin-Etsu Polymer Europe B.V.*	100.0	December 31
Shin-Etsu Handotai Co., Ltd.	100.0	March 31	Shin-Etsu International Europe B.V.*	100.0	December 31
S.E.H. Malaysia Sdn. Bhd.*	100.0	December 31	Nihon Resin Co., Ltd.	100.0	December 31
Shin-Etsu Handotai America, Inc.*	100.0	December 31	Naoetsu Precision Co., Ltd.	100.0	February 28
Shin-Etsu PVC B.V.*	100.0	December 31	Skyward Information System Co., Ltd.	100.0	March 31
Shin-Etsu Polymer Co., Ltd.	52.8	March 31	Shinano Electric Refining Co., Ltd.	100.0	March 31
SE Tylose GmbH & Co. KG*	100.0	December 31	Fukui Environmental Analysis Center Co., Ltd.	100.0	February 28
Shin-Etsu Astech Co., Ltd.	99.6	March 31	Shin-Etsu Film Co., Ltd.	100.0	March 31
Shin-Etsu Engineering Co., Ltd.	100.0	March 31	Shin-Etsu Technology Service Co., Ltd.	76.9	February 28
Shin-Etsu Handotai Taiwan Co., Ltd.*	70.0	December 31	Urawa Polymer Co., Ltd.	100.0	March 31
Simcoa Operations Pty. Ltd.*	100.0	December 31	Niigata Polymer Company Limited	100.0	March 31
Shin-Etsu Silicones (Thailand) Ltd.*	100.0	December 31	Shin-Etsu Polymer America, Inc.*	100.0	December 31
Asia Silicones Monomer Limited*	100.0	December 31	Naoetsu Sangyo Limited	100.0	March 31
Nagano Electronics Industrial Co., Ltd.	90.0	February 28	San-Ace Co., Ltd.	100.0	March 31
Shin-Etsu Handotai Europe, Ltd.*	100.0	December 31	Shinken Total Plant Co., Ltd.	100.0	February 28
Naoetsu Electronics Co., Ltd.	100.0	February 28	Saitama Shinkoh Mold Co., Ltd.	100.0	March 31
Kashima Vinyl Chloride Monomer Co., Ltd.	70.6	March 31	Shinkoh Mold Co., Ltd.	100.0	March 31
S-E, Inc.*	100.0	December 31	Shin-Etsu Magnet Co., Ltd.	100.0	March 31
Shin-Etsu Electronics Materials Singapore Pte. Ltd.*	100.0	December 31	Shin-Etsu Polymer India Pvt. Ltd.*	100.0	December 31
Shin-Etsu Silicone International Trading (Shanghai) Co., Ltd.*	100.0	December 31	PT. Shin-Etsu Polymer Indonesia*	100.0	December 31
Shin-Etsu Finetech Co., Ltd.	100.0	March 31	Shin-Etsu Polymer Singapore Pte. Ltd.*	100.0	December 31
JAPAN VAM & POVAL Co., Ltd.	100.0	March 31	Shin-Etsu Polymer Shanghai Co., Ltd.*	100.0	December 31
Shin-Etsu Magnetics Philippines., Inc.*	100.0	December 31	Shin-Etsu Polymer Hong Kong Co., Ltd.*	100.0	December 31
CIRES, Lda.*	100.0	December 31	Shin-Etsu Polymer Hungary Kft.*	100.0	December 31
Shin-Etsu Singapore Pte. Ltd.*	100.0	December 31	Dongguan Shin-Etsu Polymer Co., Ltd.*	100.0	December 31
Shin-Etsu Silicone Korea Co., Ltd.*	100.0	December 31	Human Create Co., Ltd.	100.0	March 31
Shinano Polymer Co., Ltd.	100.0	March 31	Suzhou Shin-Etsu Polymer Co., Ltd.*	71.4	December 31
Shin-Etsu (Malaysia) Sdn. Bhd.*	100.0	December 31	S.E.H. (Shah Alam) Sdn. Bhd.*	100.0	December 31
Nissin Chemical Industry Co., Ltd.	100.0	February 28	SHIN-ETSU HANDOTAI SINGAPORE PTE. LTD.*	100.0	December 31
Shin-Etsu MicroSi, Inc.*	100.0	December 31	K-Bin, Inc.*	100.0	December 31
Shin-Etsu Silicone Taiwan Co., Ltd.*	93.3	December 31	Shin-Etsu Silicone (Nantong) Co., Ltd.*	100.0	December 31
Shin-Etsu Silicones of America, Inc.*	100.0	December 31	Shin-Etsu (Jiangsu) Optical Preform Co., Ltd.*	75.0	December 31
Shin-Etsu Silicones Europe B.V.*	100.0	December 31	Kashima Chlorine & Alkali Co., Ltd.	79.0	March 31
Shin-Etsu Opto Electronic Co., Ltd.*	80.0	December 31			
Shin-Etsu Polymer (Malaysia) Sdn. Bhd.*	100.0	December 31	19 other consolidated subsidiaries		

*Overseas subsidiary

Report of Independent Auditors

The Board of Directors
Shin-Etsu Chemical Co., Ltd.

We have audited the accompanying consolidated financial statements of Shin-Etsu Chemical Co., Ltd. and its consolidated subsidiaries, which comprise the consolidated balance sheet as at March 31, 2015, and the consolidated statements of income, comprehensive income, changes in net assets, and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information, all expressed in Japanese yen.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. The purpose of an audit of the consolidated financial statements is not to express an opinion on the effectiveness of the entity's internal control, but in making these risk assessments the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Shin-Etsu Chemical Co., Ltd. and its consolidated subsidiaries as at March 31, 2015, and their consolidated financial performance and cash flows for the year then ended in conformity with accounting principles generally accepted in Japan.

Convenience Translation

We have reviewed the translation of these consolidated financial statements into U.S. dollars, presented for the convenience of readers, and, in our opinion, the accompanying consolidated financial statements have been properly translated on the basis described in Note 3.

Ernst & Young Shin Nihon LLC

June 26, 2015
Tokyo, Japan

Investor Information As of March 31, 2015

Shin-Etsu Chemical Co., Ltd.

Head Office: 6-1, Ohtemachi 2-chome,
Chiyoda-ku, Tokyo 100-0004, Japan

Date of Establishment:

September 16, 1926

Capital:

¥119,419 million

Number of Employees:

18,276 (including 87 consolidated subsidiaries)

Number of Shares Authorized:

1,720,000,000

Number of Shares Issued:

432,106,693

Number of Stockholders:

45,643

Fiscal Year-End:

March 31

Stockholders' Meeting:

June

Stock Listings:

Tokyo, Nagoya (Ticker Code: 4063)

Transfer Agent:

Mitsubishi UFJ Trust and Banking Corporation

Auditor:

Ernst & Young ShinNihon

Please visit our website:

<http://www.shinetsu.co.jp>
(English, Japanese and Chinese)



Major Stockholders:

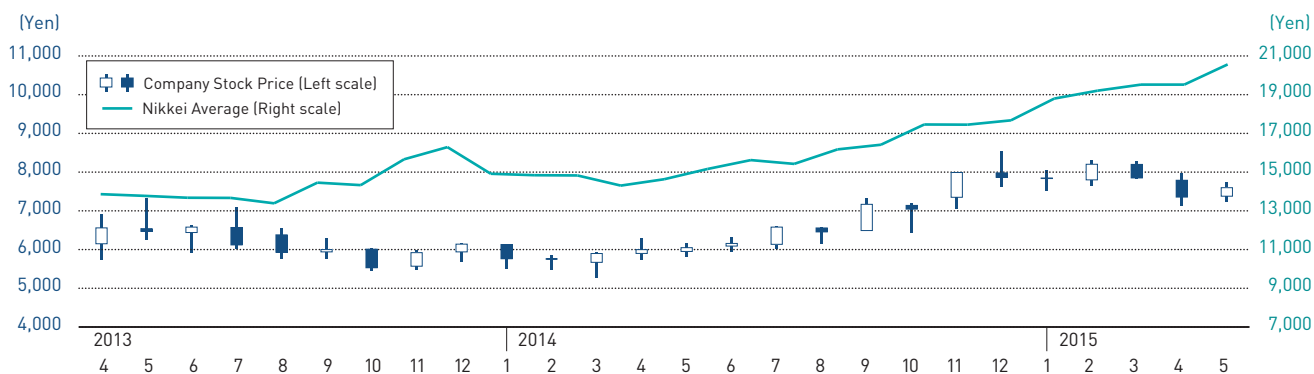
Name	Number of Shares (Thousands)	Percentage of Total Equity (%)
The Master Trust Bank of Japan, Ltd. (Trust Account)	38,054	8.9
Japan Trustee Services Bank, Ltd. (Trust Account)	28,182	6.6
Nippon Life Insurance Company	21,933	5.1
The Hachijuni Bank, Ltd.	11,790	2.8
Japan Trustee Services Bank, Ltd. (Trust Account 4)	11,415	2.7
Meiji Yasuda Life Insurance Company	10,687	2.5
THE BANK OF NEW YORK MELLON SA/NV 10	6,281	1.5
STATE STREET BANK WEST CLIENT-TREATY 505234	5,524	1.3
Sompo Japan Nipponkoa Insurance Inc.	5,357	1.3
STATE STREET BANK AND TRUST COMPANY 505225	5,328	1.3

Note: Shin-Etsu holds 6,207,027 shares of treasury stock, but is excluded from the above list of major stockholders. Stockholding percentages are calculated excluding treasury stock.

Information:

Public Relations Department
Phone: +81-3-3246-5091
Fax: +81-3-3246-5096
e-mail: sec-pr@shinetsu.jp

Common Stock Price



Trading Volume

