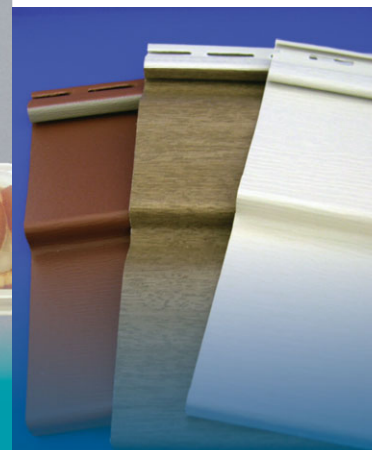
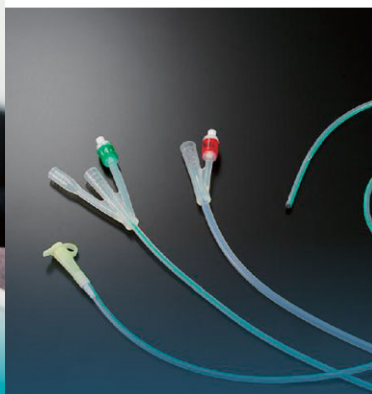
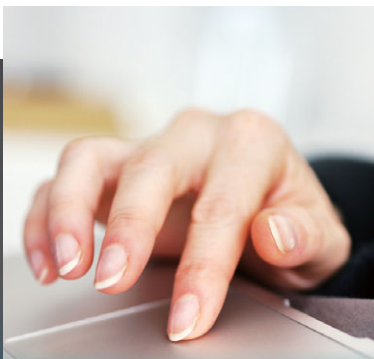


Annual Review 2015

Year Ended March 31, 2015





Profile

Shin-Etsu Polymer Co., Ltd. began operations in 1960 as a processor of polyvinyl chloride (PVC). Since then, we have developed applications for our fundamental technologies involving materials and compounding, design, molding processes, and evaluation and analysis.

In accordance with the corporate mission statement of the Shin-Etsu Group, we strictly comply with all laws and regulations, conduct fair business practices, and contribute to people's daily lives as well as to the advance of industry and society by providing key materials and technologies. We meet the diverse needs of our customers in a wide range of fields, from automobiles and information devices to semiconductors and construction materials.

Please visit our website for additional details about our environmental and social initiatives.
<http://www.shinpoly.co.jp/english/environment/index.html>

Forward-Looking Statements

This annual review contains information about Shin-Etsu Polymer's current plans, strategies and other items not based on historical fact. These are forward-looking statements that involve risks and uncertainties. Actual results may differ significantly from those discussed in the forward-looking statements due to various factors in the Company's operating environment, including changes in economic and market conditions, foreign exchange rates and demand trends.

Note: All yen and dollar figures in this annual review have been rounded down to the nearest unit.

Technological Strengths as a Manufacturer of Molded Plastic Products

We meet diverse customer needs by consistently providing high-value-added products using a wide variety of sophisticated molding technologies based on our fundamental technologies for processing silicone and various plastics.

Ability to Meet Global Needs

With a sales and manufacturing network that extends to Europe, North America and Asia as well as throughout Japan, Shin-Etsu Polymer proposes optimal solutions for a broad array of customer needs amid rising global demand.



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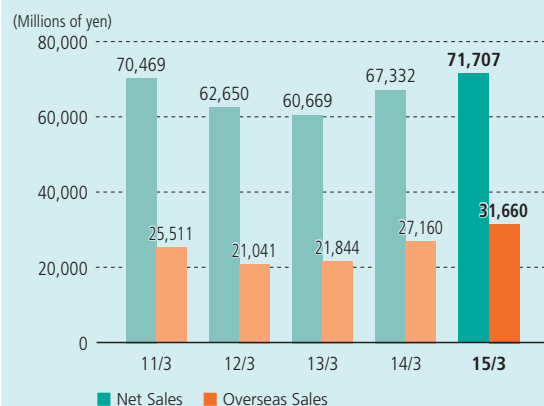
Data Section

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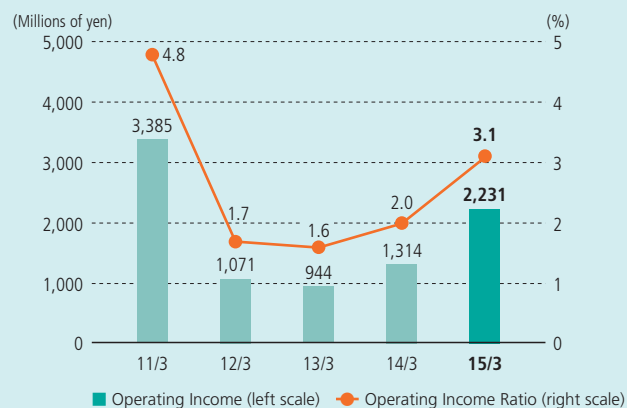
Financial Highlights

For the fiscal year ended March 31, 2015, production activity expanded in the automotive sector, and semiconductor and office automation equipment demand was also firm. As a result, consolidated net sales increased 6.5% year on year to ¥71,707 million, operating income increased 69.8% to ¥2,231 million, and net income increased 146.9% to ¥1,777 million. The fiscal year-end cash dividend per share was ¥4.50. Total cash dividends per share including the interim cash dividend were ¥9.00.

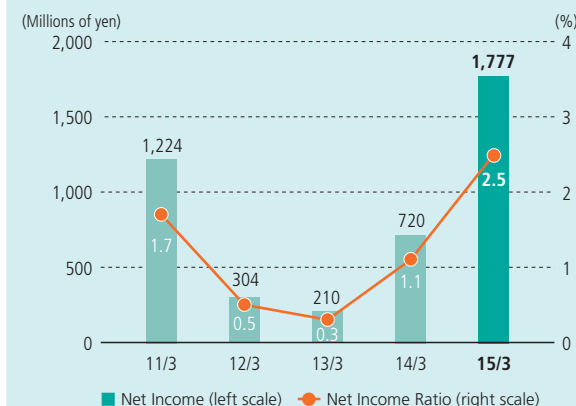
Net Sales and Overseas Sales



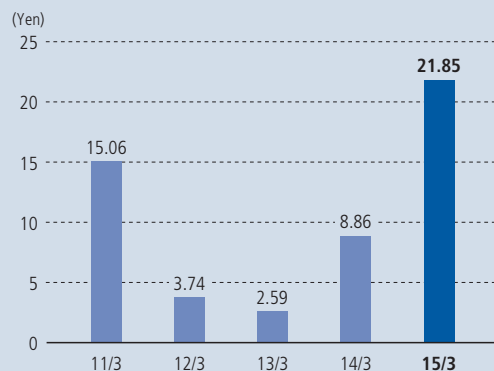
Operating Income and Operating Income Ratio



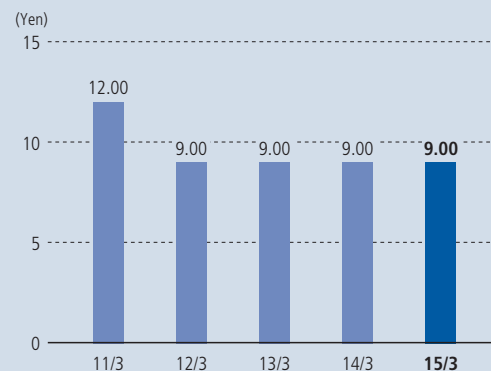
Net Income and Net Income Ratio



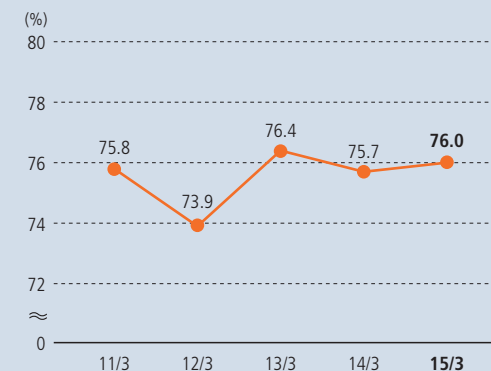
Net Income per Share



Cash Dividends per Share



Equity Ratio





We aim for sustained growth as we continuously take on challenges while focusing on profits under our new organizational structure.

Q

Please tell us about Shin-Etsu Polymer's performance in the past fiscal year and the factors that contributed to it.

In the improving market, we provided products that delivered a high level of customer satisfaction and sales of growth products expanded steadily. The result was increases in both sales and income.

In the fiscal year ended March 31, 2015, my second year as president of the Company, we achieved growth in sales and income for the second consecutive year.

It was a year of moderate economic expansion both in the global economy, led by Europe and the United States, and in the Japanese economy, with solid growth in the automotive industry in particular. In our Electronic Devices segment, operating income was 3.7 times higher than in the previous fiscal year, driven by strong sales of automotive key switches and touch switches.

Fluctuations in demand in the semiconductor industry were narrower than usual, and demand in the office automation market was also healthy. The Precision Molding Products segment posted stable sales of semiconductor-related containers and OA device components, including semiconductive rollers for laser printers and fuser/pressure rollers.

Performance in the Housing and Living Materials segment was adversely affected by the drop in demand after the consumption tax increase in Japan. However, we started to see the positive effects from sales expansion measures, price increases and other initiatives for PVC pipe-related products, and were able to limit the decrease to a level comparable with past sales declines.

Specifically, we steadily expanded sales of products that would be expected to grow when market conditions are good, and managed to avoid the negative impact of the external environment on other products. In a fast-changing, fiercely competitive market environment, we maintained and improved high product quality and responded to customer requests in ways such as flexibly meeting delivery requirements. This approach led to customer satisfaction, which was reflected in our improved performance.

Q

What ideas did you emphasize in your leadership in the past fiscal year?

I tried to lead with a focus on profit. That will not change, and my goal is to raise the operating margin to double digits in the future.

In the fiscal year ended March 31, 2015, I fulfilled my duty as president by focusing squarely on increasing profits.

If we go back about ten years, our operating margin was around the 10% level. However, we experienced major challenges including declining demand and the appreciation of the yen during the deep global recession, and though we took cost-cutting measures, conditions remained extremely difficult in terms of profits. Management efforts to rebuild profits were being carried out before my appointment as president, and operating income for the fiscal year ended March 31, 2015 was 1.7 times higher than in the previous fiscal year. The operating margin also improved by a little over 1 percentage point to 3.1%. However, the level of profit is still low, and we still have a long way to go. We will continue our efforts to generate revenues with a clear focus on profit, and our goal is to return the operating margin to the 10% range in the future.

To accomplish that, we will pursue cost reductions and redouble our efforts to improve the quality of existing products to achieve differentiation from other companies, which will lead to increased profitability. We also intend to gain an advantage in the market by developing new products that offer high added value.

We invested ¥3,225 million in research and development in the fiscal year ended March 31, 2015. In addition, we made capital investments for purposes such as creating strong, cost-competitive production facilities. We will continue working to increase profits by improving our production system and making aggressive investments with a focus on growth-driving products such as input devices, wafer cases and OA rollers.

Q What are some specific initiatives for further growth?

It is imperative that we capture and maintain the number-one position in each of our areas of strength. Our new organization will support that effort.

Improving market conditions and rising demand are certainly important elements favoring our growth, but being the number-one company in each of our areas of strength is also necessary. Currently, our automotive key switches and 300mm wafer shipping containers hold the top market shares. One thing the departments in charge of these products share in common is their consistently swift response to changes in customer needs. To further enhance our ability to respond to those changes, we carried out a major organizational restructuring to enable seamless cooperation among our sales, production and research operations.

Initially, our sales people play a major role as the point of contact with the customer. They steadily collect information about the customer to determine their needs, then share that information within the Sales Unit and sales departments and also provide it to the Technology & Production Unit, which covers production and research. We will do whatever it takes to fulfill the specifications requested by the customer and deliver results. It is also important that we do it quickly.

I feel that the importance we place on speed is firmly rooted among everyone in our sales, production and research operations. In fact, speed will be the decisive factor that determines whether our products become number one in their fields. If we are number one, we will be able to identify customer needs even faster. By repeating this process of identifying and meeting needs, we want to capture and maintain the number-one market position, which will stabilize our growth momentum.

Q What are your thoughts on the position of overseas markets in the Company's future?

There is a growing trend toward "local production for local consumption" overseas, and I believe the source of our growth will also shift to overseas markets.

Our sales outside of Japan are expanding, and accounted for about 44% of total sales in the year ended March 31, 2015, up from around 40% in the year before. There are many customers for automotive key switches in Japan, the United States and Europe, and the adoption rate by non-Japanese customers is approximately 30%. That's still low, so we have started to strengthen overseas sales activities to boost our market share. By contrast, the majority of customers for our wafer cases are Japanese companies. Most of the customers for our printer rollers are also Japanese companies, as they have a large share of the market for laser printers, the end product.

However, our customers have been shifting their production bases overseas, so even if they decide to adopt our products in Japan, in many cases those products will be introduced at an overseas subsidiary in China, Malaysia or elsewhere. Despite the current weakness of the yen, a full-fledged recovery of domestic production will be difficult for Japanese manufacturers of various products given the future of the domestic market. We ourselves are taking steps to enhance our ordering, production and sales capabilities overseas, and plan to increase our overseas sales ratio.

We believe this trend will only accelerate. That's why I believe the source of our future growth will shift to overseas markets.



Q Is there any message you would like to add for shareholders and other investors?

We will work to provide stable dividends to shareholders by raising the level of profits through capital investments, mergers and acquisitions, and high-value-added new products.

We will continue to improve our business structure to generate high profits, and use those profits to deliver stable returns to shareholders. To bolster our profit structure, we will also consider mergers and acquisitions in addition to robust capital investment. We are constantly scrutinizing potential projects and will execute them without missing opportunities.

Shareholders and customers alike have expectations for the high-value-added new products we create. New products are vital for raising our profit level and for the Company's growth. We will put the full capabilities of the Company to work so that we'll be able to announce a steady stream of excellent products.

July 2015

Yoshiaki Ono
Yoshiaki Ono
President

Maximizing Our Strengths to Expand Our Business

A year after changing to a function-based organization, we are responding to customer needs identified from a Companywide perspective with our cross-divisional structure.

The new organization is fostering a unique sales approach to find out customer needs.

With the organizational changes in April 2014, sales staff were also required to change their knowledge, mindset and behavior. For example, we have held workshops where sales staff learned about products other than those they deal with directly. With a wider base of knowledge, they are sharing customer needs and other information identified from a Companywide perspective with different departments. The results are aimed at total optimization rather than suboptimization of individual departments. The organizational restructuring has also made it easier to form personal networks in the Company, not just with other sales divisions but with all technical divisions as well. As a result, our staff are no longer limited by the power of their own division, and can conduct broader proposal-based sales backed by the collective capabilities of the whole Company.

At the same time, we established the Strategic Conference, composed of five executives under the president. It has helped speed up decision-making on specific management initiatives.



Sales Unit workshop

We are conducting development based on our optimization concept with the aim of introducing profitable new products.

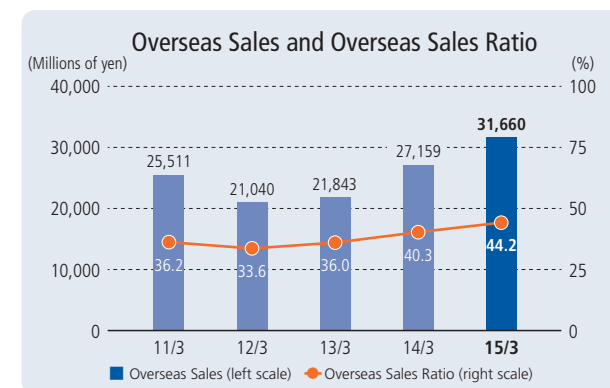
We are also shifting from suboptimization to total optimization of expenses and investments for product development to meet customer needs. This means that initiatives are not limited to the budgets of individual divisions; if a product looks promising, we consider it in the overall budget. Technical divisions were also brought together in the Technology & Production Unit, which has sped up decision-making. Moreover, the Technology & Production Unit unifies research and development, production technology, manufacturing and marketing operations, creating an organization that can maximize the Company's comprehensive strengths.

Essentially, we have domestic and overseas markets in a wide range of fields, including automobiles, semiconductors, medical parts, OA equipment, construction and packaging. After we have gained a deep understanding of the needs of each market and prioritized development themes, project teams are put together to quickly create new products. That leads to sales and profits, the central objective of the reorganization. To increase speed further, we will also use tie-ups with the Shin-Etsu Chemical Group, universities and other partners.

Future business development will focus in particular on expanding overseas business. Under our new organizational structure, we will accelerate development and production of new products overseas, with the goal of achieving an overseas sales ratio of 50%.



Toshiaki Deto
Director
General Manager, Sales Unit



Development of New Themes

The Technology & Production Unit, which integrates marketing divisions in addition to research and development, production technology and manufacturing operations, is organized to efficiently carry out all processes from development of original technologies for new research themes to the launch, mass production and commercialization of newly developed products, in collaboration with the Sales Unit. At monthly technology liaison meetings, we manage the progress of each development theme, set priorities, and work on a Companywide basis to build new themes into future growth drivers by focusing on priority themes.

Selection of R&D Themes

Among the resin processing technologies and other technologies we have developed over many years to impart functionality to plastic and other raw materials, conductivity-imparting agents in particular are a pillar of our existing businesses.

Focusing on conductivity materials, we have selected conductive polymers, a material compounding technology and our core processing technology, and products related to fuel cells and rechargeable batteries, which use our uniform dispersion technology, as priority themes. We are working to apply new technologies to existing products and commercialize products in new fields.

Shin-Etsu Polymer's Technology Applied in Conductive Polymer "SEPLEGYDA®"

Shin-Etsu Polymer's "SEPLEGYDA®" is an organic conductive polymer ink. It is available as either a water-based or solvent-based ink, depending on the customer's requirements, and is used as an anti-static ink in the flat-panel display manufacturing process and in shipping trays for electronic devices.

The conductivity improvement technology we established was applied in the transparent electrode coating used in touch switches (Photo 1), a new product line in an existing business. It is also being used in capacitor materials and other materials that are entering the practical application stage.

We will work with customers to develop practical applications for "SEPLEGYDA®" in the medical field and in wearable devices, which both have good growth potential.

New Product Development System

In new product development, the Companywide Sales Unit assembles project teams for specific development themes to develop new products based on information related to market needs obtained from the marketing divisions of the Technology & Production Unit.

In addition to our own technologies and cooperation with the Shin-Etsu Chemical Group, we effectively incorporate collaboration

with universities, including in-licensing of new technologies, to speed up development of new products.

For example, in the housing and construction materials market, where we primarily supply PVC products, we applied our silicone rubber products in the development of *Mizumore Goyo*, a self-fusing silicon rubber tape (Photo 2). This is one outcome of our strategy of watching market and customer needs, then developing new products to meet those needs and quickly bringing them to market.

Advanced Processing Technologies and Uncovering Customer Needs

"EXELAST®", a high-performance compound used primarily in automotive sealing materials and electrical wiring, features unique characteristics obtained by adding silicon to PVC and olefin resin (Photo 3). As an example of a product we developed after uncovering customer needs, it advanced smoothly into commercial production and is now a profitable product.



Touch switch using "SEPLEGYDA®" (Photo 1)



Self-fusing silicone rubber tape *Mizumore Goyo* (Photo 2)



Automotive window seals in which "EXELAST®" is used (Photo 3)

At a Glance

Electronic Devices

Net Sales (YoY) **¥18.9 billion** (+14.7%)

Segment Overview

The Electronic Devices segment primarily operates in electronics-related fields, such as electronic input devices for automobiles and information terminals. It expanded sales to overseas markets early on, and leads the Company in overseas business, including production.

Shin-Etsu Polymer leverages fundamental technologies such as silicone rubber processing and combined processing of raw materials to provide products and services that meet the requirements of domestic and overseas automotive, mobile phone, personal computer, and other manufacturers that operate globally.

Main Products

- Input devices
- Display-related devices
- Component-related products

Housing and Living Materials

Net Sales (YoY) **¥18.4 billion** (−0.3%)

Segment Overview

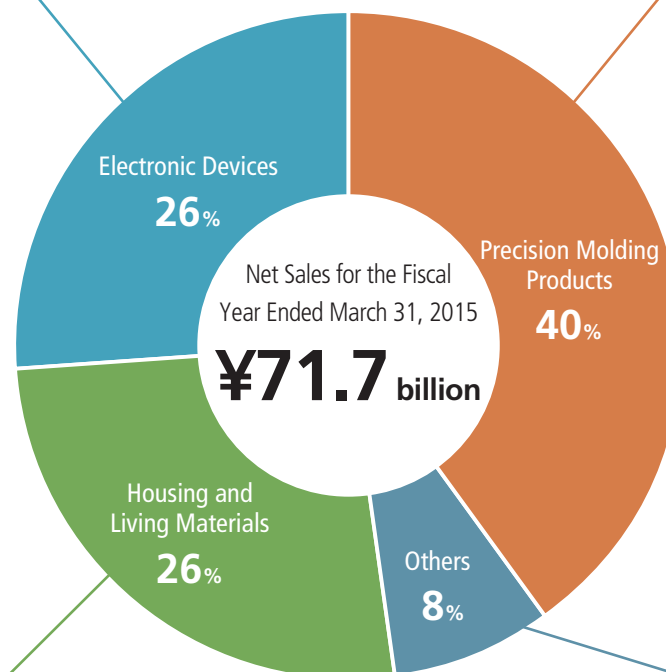
The Housing and Living Materials segment handles a wide variety of processed plastic products that use PVC resin as the main raw material. Products include residential construction materials, packaging materials for food products, and compound materials for molding products. Compound materials are a growth product increasingly used in automobiles, and we aim to make them a stable source of earnings.

As difficult conditions continue in our domestic market with increasing raw material prices, we are working to increase profitability in ways such as adjusting product prices and enhancing our product lineup.

Main Products

- Wrapping films
- Plastic sheets
- Compounds
- PVC pipes and related products
- Exterior products

Percentage of Net Sales by Segment



Precision Molding Products

Net Sales (YoY) **¥28.6 billion** (+8.5%)

Segment Overview

The Precision Molding Products segment leverages Shin-Etsu Polymer's unique technologies to provide precision molding products in Japan and overseas, including office automation (OA) device components made primarily from silicone rubber, components for medical devices, shipping and carrying containers for semiconductor silicon wafers, and materials for automatic mounting of electronic components.

Shin-Etsu Polymer's advanced precision molding technologies and evaluation and analysis technologies are particular strengths of this segment. We have earned the trust of customers, and by setting up production systems flexibly and quickly according to customer needs, we provide stable supplies and cost-competitive products.

Main Products

- Semiconductor-related containers
- Carrier tapes
- OA device components
- Silicone rubber molded products

Others

Net Sales (YoY) **¥5.8 billion** (−3.7%)

Segment Overview

The Others segment involves construction businesses such as the renovation of commercial facilities, and the development and sale of packaging materials for industrial use and food products.

In the construction business, we focus on commercial facilities such as supermarkets and restaurants, offering comprehensive services in which we are responsible for the entire process from planning to design, construction and after-sales service. In the development and sales business, we develop and sell industrial trays for carrying industrial components and products, and packaging and agricultural materials for fruit.

Main Products

- Design and construction of interiors and exteriors of retail stores and other buildings
- Other products

Electronic Devices

(Automobiles and Information Products)

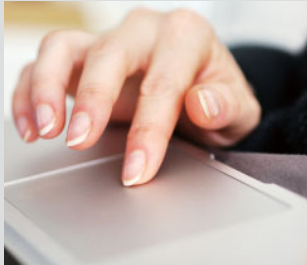
- Expanded input devices business overseas
- Focused on expanding sales of touchpads for slim laptop computers



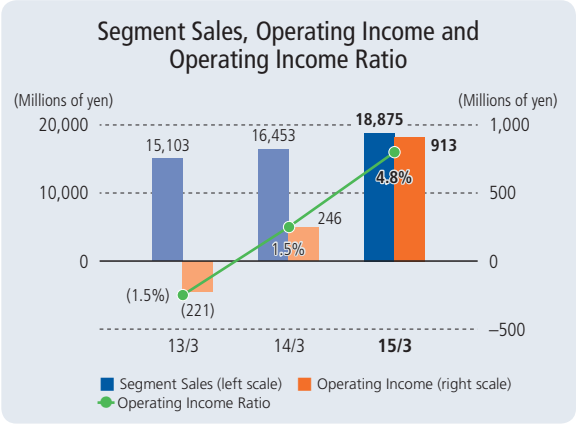
Automobile steering switch



Automotive touch switch



Personal computer touchpad



Market Environment and Business Trends

In the automotive market, production was steady among manufacturers in North America and Japan. Demand for smartphones, tablets and other information devices also remained high.

We are currently switching to a high-value-added product mix in response to customer needs for features such as high performance and ultra-thinness based on the high-definition printing, silicone rubber processing and other technologies in which we specialize and can display our competitive advantage. In working for the sustained growth of this business, we are also focusing on sales of input devices that use the capacitance method, with an emphasis on automotive input devices, a growing market. In production, we are continuing



View control film (VC-Film)

to make capital investments at our subsidiary Suzhou Shin-Etsu Polymer Co., Ltd. in Jiangsu Province, China, to prepare for increased production of input devices.

Overview of Results for the Fiscal Year Ended March 31, 2015

In the Electronic Devices segment, overall sales increased from the previous fiscal year and income grew substantially as steady shipments of automotive input devices and other products continued.

In input devices, shipments of automotive key switches and touch switches expanded steadily, reflecting increasing use of electronic technology in automobiles. Shipments of notebook computer touchpads for new models were strong. In display-related devices, shipments of view control film (VC-Film) recovered slightly, and shipments of LCD display connectors also expanded. Sales of component-related products declined from the previous fiscal year due to a decrease in shipments of water-resistant products for smartphones in the domestic market.

As a result, segment sales amounted to ¥18,875 million, an increase of 14.7% year on year, and operating income was ¥913 million, 3.7 times more than in the previous fiscal year.

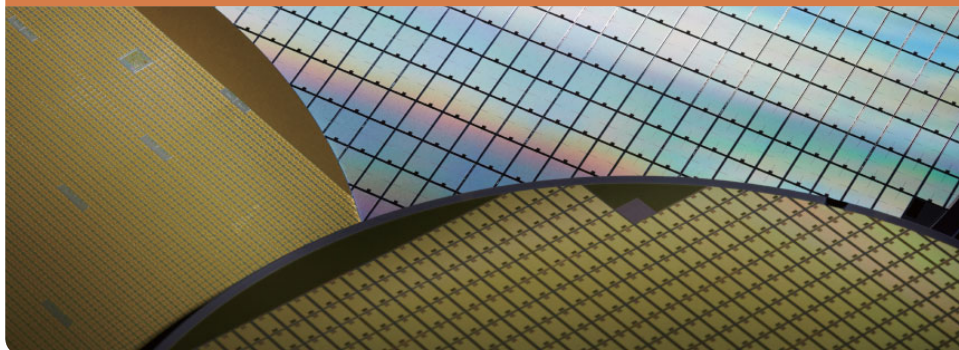
Technology and Development

We develop touchpads and other input products that use the capacitance method based on high-definition printing technology. We also develop composite products made from dissimilar materials such as resin and metal based on silicone processing technologies. With these products, we are working to develop new demand in the automotive, mobile and digital device markets.

Precision Molding Products

(Office and Medical Equipment, Semiconductor and Electronic Components)

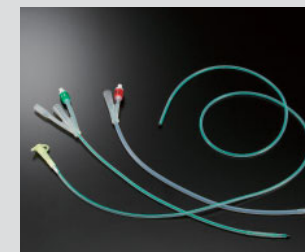
- ▶ Improved differentiation and cost competitiveness with our proprietary compounding technology and high quality
- ▶ Strengthened production system in Japan and overseas to respond to changing demand trends for semiconductor and electronic components



Semiconductor-related containers (FOSB)

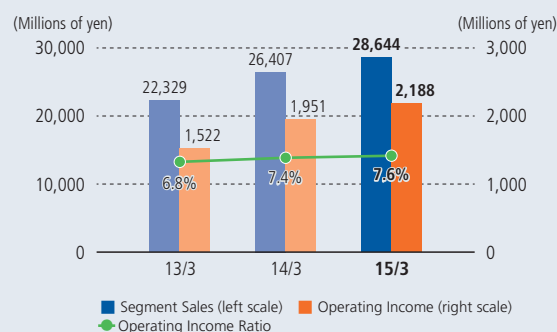


OA device components (OA rollers)



Medical catheters

Segment Sales, Operating Income and Operating Income Ratio



Technology and Development

In response to the shift toward high-speed, low-cost OA equipment, we are developing products to meet individual user requirement specifications by applying silicone rubber processing technologies such as semiconductive technology and foaming technology. We are also focusing on leveraging our unique technologies including highly transparent silicone rubber to develop new products and open new markets. In addition, based on our precision molding and evaluation technologies, we are adapting to the progressive miniaturization of semiconductor processes and the decreasing size of electronic equipment, and developing next-generation wafer containers.

Market Environment and Business Trends

In the OA device market, shipments of business-use laser printers expanded steadily, particularly to emerging countries in Asia. In response to the rapid advancement of the industry-wide trends toward increasing speed and decreasing cost of OA devices, we are focusing on improving the quality and strengthening the cost-competitiveness of our printer rollers.

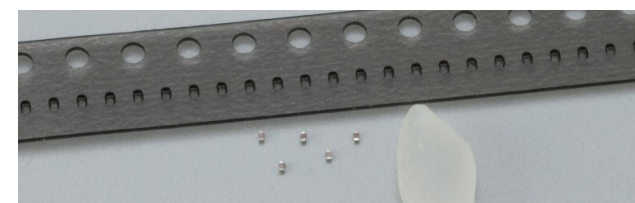
For silicone rubber molded products, we are aggressively pursuing sales expansion of dialysis-related products, mainly in the markets of China and Southeast Asia, and are aiming to expand overseas business, including localizing production, to meet rising demand for medical equipment in Japan and overseas. In semiconductor-related containers, demand remained at a high level, backed by growth in the market for semiconductors for automobiles and mobile devices. Most of the world's major device manufacturers and silicon wafer manufacturers are Shin-Etsu Polymer customers, and we have a leading global share. In carrier tapes, strong demand from the electronic component industry continued. Customer evaluation of our carrier tapes compatible with smartphone micro capacitors has been particularly strong, and we are increasing production to keep pace with demand for components.

Overview of Results for the Fiscal Year Ended March 31, 2015

In the Precision Molding Products segment, sales increased year on year, reflecting solid shipments of components for office automation equipment, semiconductor-related containers and other products.

In components for office automation equipment, shipments of products for major users were steady. Sales of silicone rubber molded products increased, backed by firm shipments of medical-related, electronic components-related and building material-related products. Sales of semiconductor-related containers increased from the previous fiscal year, reflecting solid shipments as demand fluctuations in the semiconductor industry were smaller than usual. Sales of carrier tapes increased year on year as brisk demand continued for electronic components used in automobiles and smartphones.

As a result, segment sales amounted to ¥28,644 million, an increase of 8.5% year on year, and operating income was ¥2,188 million, an increase of 12.1% year on year.



Embossed carrier tape for "0402" chip dimensions

Housing and Living Materials

(Packaging, Industrial Materials and Construction Materials)

- ▶ Expanded sales of living materials and construction materials using general-purpose resins in the domestic market
- ▶ In the plastic compounds business, began overseas expansion with increased production capacity for automotive products



PVC pipes and related products



Wrapping films



Compounds

Market Environment and Business Trends

Demand is trending toward recovery in the restaurant industry, including family restaurants and hotels, which are among the primary users of wrapping film, our core product in the area of living materials. Our compounds are used as molding materials in fields as diverse as automobiles, electrical wiring, home appliances and construction. Shipments of the high-performance thermoplastic elastomer "EXELAST®" are increasing, backed by favorable conditions in the automotive market. On the other hand, in the PVC pipe industry, the prolonged slump in demand is persisting due to factors including a delay in the recovery of new housing starts in addition to shrinking public investment in Japan.

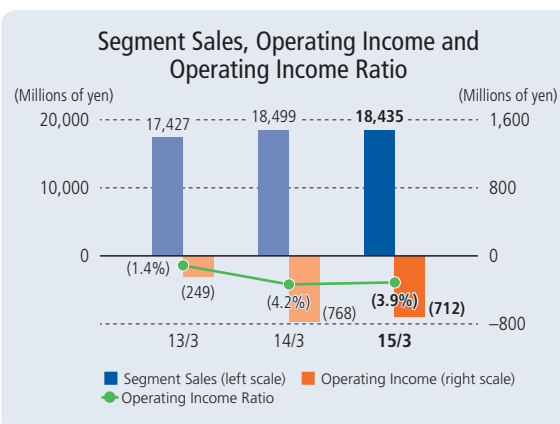
Various products in this segment use petrochemical products as a primary raw material. Consequently, fluctuations in market prices for crude oil and naphtha directly affect raw material prices. Last year, we adjusted prices for some of our products to reflect the higher prices of raw materials.

Shipments of packaging materials such as wrapping films decreased due to weak shipments to supermarkets, and we were unable to compensate with adjustments to selling prices. Sales of compounds increased as shipments for both automobiles and electric wiring remained firm. Although shipments of PVC pipes were impacted by the weakness in housing starts and the consumption tax hike, sales were essentially unchanged from the previous fiscal year due to our sales promotion activities and the effect of product price adjustments. Shipments of exterior products were weak because of the effect of weak demand, price competition and other factors.

As a result, segment sales were ¥18,435 million, a decrease of 0.3% from the previous fiscal year, and operating loss was ¥712 million, compared with operating loss of ¥768 million for the previous fiscal year.

Overview of Results for the Fiscal Year Ended March 31, 2015

Sales in the Housing and Living Materials segment overall were near the level of the previous fiscal year despite the impact of the drop in demand following the increase in Japan's consumption tax rate.

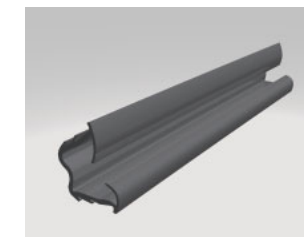


Technology and Development

Our compounding, mixing, extrusion molding and calendar molding technologies for processed PVC products including PVC compounds, pipes and sheets have long been held in high regard. Currently, we are developing new products to further enhance the workability and design options of our plastic siding and creating new demand.



"Pop Wrap"



Glass run channel using "EXELAST®"

Research and Development



Creating Themes That Deliver Value for Customers with Unique Technologies

The basis of the Shin-Etsu Polymer Group's research and development is to communicate closely with customers to identify their potential needs and provide them with valuable products.

Our mission in R&D is to meet customer needs in a wide range of fields by applying fundamental materials and compounding, design, molding processes, and evaluation and analysis technologies using silicone, plastics and conductive materials as key materials.

Precise, Rapid Development through Collaboration with the Sales Unit

In Shin-Etsu Polymer's research and development structure, the change from a segment-based to a function-based organization in April 2014 aggregated the manufacturing and development functions that had been dispersed regionally among the Tokyo Plant, Kodama Plant and other locations and among the business segments. In addition, the new Technology & Production Unit has assumed the functions of the former Technology Development Headquarters, including new product and new business development. As a result, our research and development organization has evolved to enable unified management, domestic

production functions and new product development functions from the perspective of overall optimization. We will uncover a wide range of customer needs even more precisely and respond to them rapidly.

Targeting Growth Markets by Developing New Products Using Core Precision Molding and Other Technologies

We are now targeting early commercialization of businesses with a focus on fields such as semiconductors and electronic equipment, based mainly on core precision molding technology and conductive material technology.

We are conducting development in exciting areas such as the creation of applications for conductive polymers, products related to fuel cells and rechargeable batteries, and noise suppression products that aid high-speed transmission in devices such as smartphones.

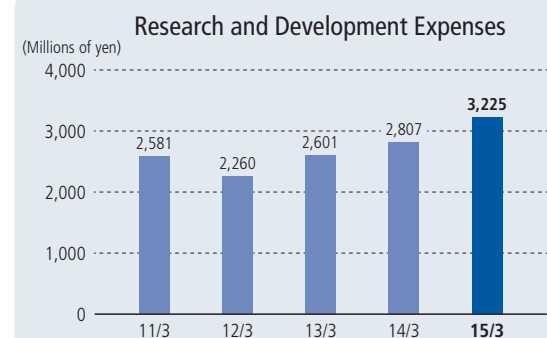
Intellectual Property Initiatives

Based on the recognition that patents, technological know-how and other such attributes are important management assets, the Intellectual Property Division sets intellectual property strategies for each of the Company's divisions, which have different business

models, and is improving its management of intellectual property "offensively" and "defensively" to develop and support new markets and new customers. The Sales Unit and the Technology & Production Unit work together to promote offensive use of intellectual property, such as strategic filing for and utilization of industrial property rights. Such active use of our intellectual property rights will secure a competitive edge in the market. At the same time, we use defensive strategies such as increasing our global research activities, conducting intellectual property life cycle management, and making use of intellectual property agreements based on respect for the rights of other companies. We also plan to enhance training and awareness building to further raise the level of our intellectual property activities.

The number of registered patents and other intellectual property assets of the Shin-Etsu Polymer Group as of March 31, 2015 and 2014 was as follows.

		As of March 31, 2015	As of March 31, 2014
Japan	Patents	969	955
	Utility models	5	5
	Industrial designs	89	100
	Trademarks	133	131
Foreign patents		523	515



Corporate Governance

Enhancing and Strengthening Corporate Governance

• Basic Policy

Shin-Etsu Polymer recognizes that enhancing and strengthening corporate governance is fundamental to management. In undertaking initiatives such as accelerating decision-making, ensuring management transparency and reinforcing the functions of our internal control system, we assume the perspective of shareholders, customers, employees and other stakeholders under a basic corporate governance policy of increasing corporate value.

• Corporate Governance System

Shin-Etsu Polymer has adopted the Audit & Supervisory Board system, and the Board of Directors and the Audit & Supervisory Board are the two institutions that supervise and audit business execution on multiple levels. The Company ensures functional and

effective management supervision as well as neutral, objective audit functions by employing directors with excellent management skills who are specialists in business execution and outside directors with excellent supervision capabilities, and employing Audit & Supervisory Board members including outside members with outstanding auditing skills.

• Management Decision-Making, and Business Execution and Supervision

The Board of Directors is responsible for important management decisions and appropriately supervises the directors in executing their duties. The Board of Directors is composed of 12 directors, two of whom are outside directors. The outside directors have deep experience and insight accumulated over many years, one as a corporate manager and the other as an accounting and

tax specialist, which allows for a comprehensive perspective in conducting objective and appropriate supervision of Shin-Etsu Polymer management.

• Audit System

Two of the three Audit & Supervisory Board members are from outside the Company. The Audit & Supervisory Board audits business execution from an independent perspective. Audit & Supervisory Board members fulfill their function of supervising management by attending Board of Directors meetings and other meetings, and also hold Audit & Supervisory Board meetings as necessary to report and discuss important auditing matters.

The Office of Internal Auditing audits the execution of management and operational mechanisms as well as work processes with respect to legality, rationality and efficiency.

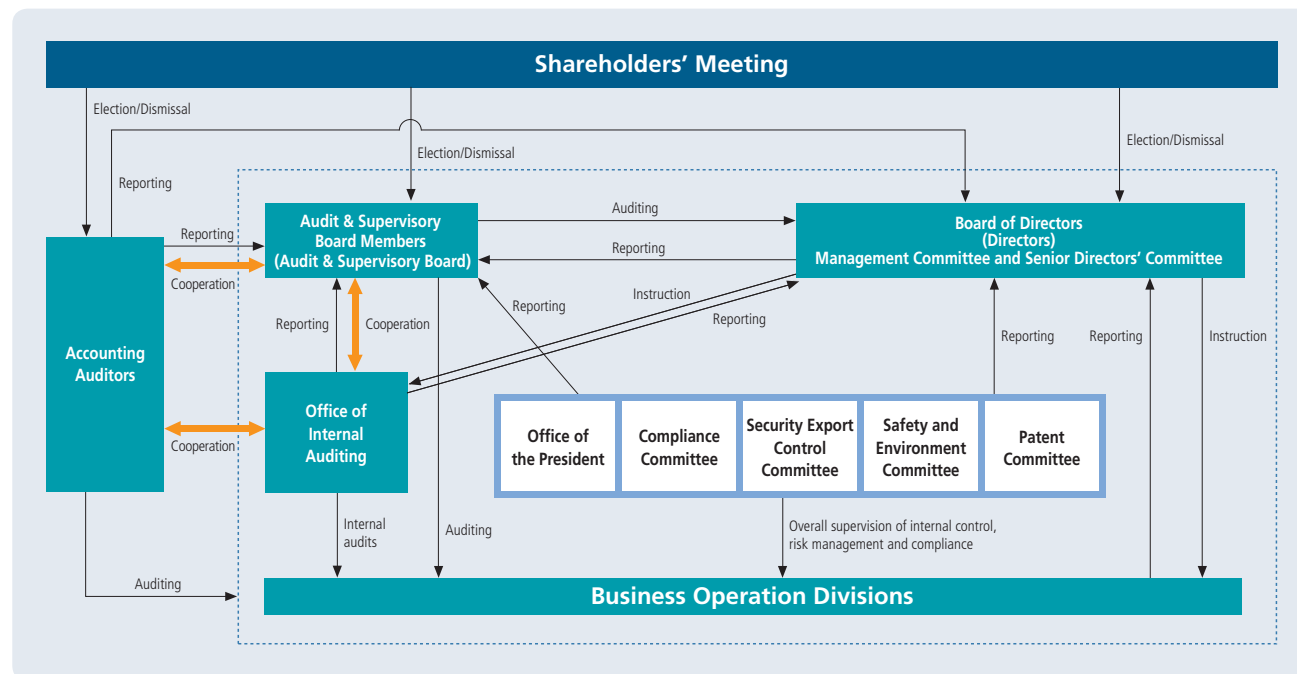
Accounting auditors conduct quarterly reviews or audits of the Company's accounts and offer accounting advice when appropriate.

We work to enhance audits by the Audit & Supervisory Board members, internal audits and accounting audits through the close exchange of information based on mutual cooperation and coordination.

• Relationship with the Parent Company

The major shareholder of Shin-Etsu Polymer is Shin-Etsu Chemical Co., Ltd., which owns 52.6% of Shin-Etsu Polymer shares issued and outstanding (excluding treasury stock). However, Shin-Etsu Polymer operates independently, deciding reasonable terms and conditions based on market prices for transactions with its parent company, including purchases of raw materials.

Corporate Governance System



Please refer to our website for additional details.
<http://www.shinpoly.co.jp/english/ir/>

Upgrading and Promoting Risk Management, Internal Controls and the Compliance Structure

The Shin-Etsu Polymer Group focuses on Groupwide risk management and the Office of the President monitors major Groupwide risk countermeasures, based on the belief that risk management is the most important issue for sustainable growth. Having positioned the building, operation and upgrading of an internal control system as a key management responsibility, we also regularly upgrade our internal control system to make it as relevant and efficient as possible.

In addition, as a member of society, the Shin-Etsu Polymer Group strives for thorough compliance and rejects any association with antisocial forces based on its belief that legal compliance and sincere conduct that respects the values and ethics society requires is essential to its trustworthiness.

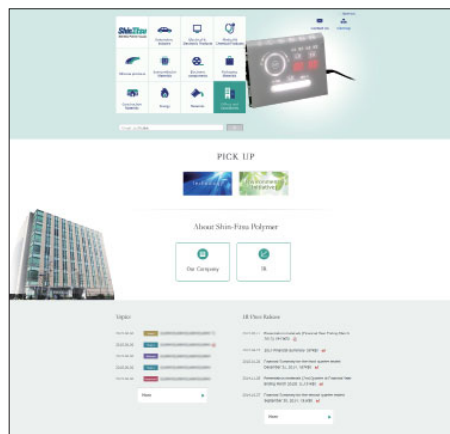
Information Disclosure System

The Shin-Etsu Polymer Group is dedicated to consistently enhancing corporate governance and ensuring management transparency. We also strive for fair, timely and appropriate disclosure of information to shareholders and investors, based on relevant laws concerning financial instruments and exchange and Tokyo Stock Exchange regulations.

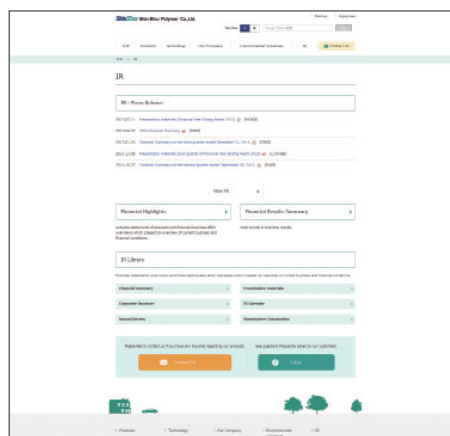
Regarding our information disclosure system, we have set down our Information Disclosure Rules, established the Information Disclosure Committee and thoroughly publicized disclosure within the Group. Committed to flexible and rapid information disclosure, we have also created a system of cooperation centering on people and units responsible for disclosure such as the IR Manager and the PR Manager in the Office of the President, the Accounting & Finance Department, and the Legal Department.

Communication with Shareholders and Investors

We hold briefings for analysts, investors and the media when announcing financial results after the end of each fiscal year and interim period as an opportunity to explain our operating conditions to shareholders and investors. In addition, we use our website as a means to provide swift and fair information disclosure for shareholders and investors, providing information such as news releases, financial results summaries, information meeting materials, annual reviews, notices of convocation of the General Meeting of Shareholders, and resolution notices.



<http://www.shinpoly.co.jp/english/>



<http://www.shinpoly.co.jp/english/ir/>

Officers (As of June 24, 2015)

Chairman

Osamu Hiura

President

Yoshiaki Ono

Executive Director

Hiroshi Kosaki

General Manager, Technology & Production Unit

Senior Director

Tadahiko Koike

General Manager, Administrative Unit

Directors

Kenjiro Hata*

Shigemichi Todoroki*

Yutaka Kawamura

In charge of Environment Control & Safety; General Manager, Office of the President

Toru Takayama

General Manager, Office of International Business, Sales Unit

Toshiaki Deto

General Manager, Sales Unit

Mikio Furukawa

General Manager, Sales & Marketing Division III, Sales Unit

Satoru Sugano

Deputy General Manager, Technology & Production Unit
Manager, Kodama Plant

Yasushi Shibata

General Manager, Human Resources Department, Administrative Unit

Full-Time Audit & Supervisory Board Members

Tetsuo Ogawa

Shuichi Noguchi**

Audit & Supervisory Board Member

Sachihito Hosogi**

*Outside director

**Outside Audit & Supervisory Board member

Eleven-Year Summary (For the years ended March 31, 2005 through 2015)

	Millions of yen											Thousands of U.S. dollars ¹
	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006	2005	2015
Operating Performance (For the year):												
Net sales	¥ 71,707	¥ 67,332	¥ 60,669	¥ 62,650	¥ 70,469	¥ 70,181	¥ 84,739	¥105,799	¥107,784	¥ 97,942	¥ 91,732	\$ 597,558
New segments ²												
Electronic Devices	18,875	16,453	15,103	16,935	22,258	25,370	—	—	—	—	—	157,291
Precision Molding Products	28,644	26,407	22,329	23,270	25,141	22,925	—	—	—	—	—	238,700
Housing and Living Materials	18,435	18,499	17,427	17,273	17,818	16,847	—	—	—	—	—	153,625
Others	5,753	5,971	5,808	5,170	5,250	5,038	—	—	—	—	—	47,941
Old segments												
Electronics and Functional Products	—	—	—	—	—	36,502	45,994	57,249	63,390	57,962	51,682	—
Packaging Products	—	—	—	—	—	24,142	26,739	35,607	30,255	25,701	24,406	—
Construction Materials and Constructing	—	—	—	—	—	9,537	12,005	12,942	14,138	14,278	15,642	—
Overseas sales	31,660	27,160	21,844	21,041	25,511	25,468	33,864	44,954	52,202	43,615	34,162	263,833
Gross profit	18,534	16,582	15,028	15,081	18,466	17,168	17,708	26,978	29,623	26,059	24,709	154,450
Operating income	2,231	1,314	944	1,071	3,385	2,457	1,359	9,482	11,854	9,788	7,366	18,591
Ordinary income ⁹	2,865	1,662	1,291	1,248	3,054	2,816	1,263	9,296	12,063	10,531	7,448	23,875
Net income (loss)	1,777	720	210	304	1,224	916	(200)	5,415	8,133	6,798	4,757	14,808
Comprehensive income (loss)	4,544	5,869	3,059	(877)	(1,461)	—	—	—	—	—	—	37,866
Capital expenditure	3,877	2,571	3,015	2,175	2,303	921	2,522	7,597	4,677	5,608	6,640	32,308
R&D expenses	3,225	2,807	2,601	2,260	2,581	2,519	2,699	2,788	2,702	2,450	2,228	26,875
Financial Condition (At year-end):												
Total assets	¥ 93,889	¥ 88,644	¥ 81,342	¥ 81,017	¥ 81,326	¥ 85,628	¥ 85,914	¥103,388	¥104,661	¥ 96,756	¥ 89,111	\$ 782,408
Total net assets ³	72,250	68,088	63,020	60,749	62,710	64,800	63,213	70,903	66,478	57,769	49,846	602,083
Net working capital ⁴	49,798	46,092	41,745	39,810	40,057	39,831	36,169	40,267	38,447	30,458	24,709	414,983
Cash Flows:												
Cash flows from operating activities	¥ 4,656	¥ 4,373	¥ 3,106	¥ 5,252	¥ 7,505	¥ 8,806	¥ 4,412	¥ 3,130	¥ 13,585	¥ 10,499	¥ 10,110	\$ 38,800
Cash flows from investing activities	(1,572)	(3,036)	(3,286)	(2,789)	(3,113)	(949)	(2,798)	(7,453)	(4,847)	(7,608)	(6,672)	(13,100)
Free cash flow ⁵	3,084	1,337	(180)	2,463	4,392	7,856	1,613	(4,322)	8,738	2,891	3,437	25,700
Cash flows from financing activities	(604)	(745)	(732)	(981)	(2,526)	4,805	482	(1,836)	(4,184)	(866)	585	(5,033)
Per Share Data:												
	Yen											U.S. dollars ¹
Net income (loss)	¥ 21.85	¥ 8.86	¥ 2.59	¥ 3.74	¥ 15.06	¥ 11.28	¥ (2.47)	¥ 66.64	¥ 100.25	¥ 83.63	¥ 58.46	\$ 0.18
Net assets	874.65	826.10	764.26	736.45	758.67	785.10	776.38	860.67	809.62	706.06	613.11	7.28
Cash dividend	9.00	9.00	9.00	9.00	12.00	9.00	12.00	15.00	15.00	12.00	8.00	0.07
Financial Ratios:												
	% (Except interest coverage ratio)											
Return on equity (ROE) ⁶	2.6	1.1	0.3	0.5	2.0	1.5	—	8.0	13.2	12.7	10.0	
Return on assets (ROA) ^{7,9}	3.1	2.0	1.6	1.5	3.7	3.3	1.3	8.9	12.0	11.3	8.9	
Equity ratio	76.0	75.7	76.4	73.9	75.8	74.5	72.5	67.7	62.8	59.2	55.6	
Interest coverage ratio (Times) ⁸	150.5	133.8	91.8	152.8	77.2	64.0	60.4	33.4	78.4	75.7	93.3	

Notes: 1. U.S. dollar amounts are included solely for the convenience of readers, using the conversion rate of ¥120 per US\$1 prevailing on March 31, 2015.

2. Segment classification under net sales has been changed from the year ended March 31, 2011 due to the application of new accounting standards for reportable segments.

Segment information for the previous fiscal year has been restated accordingly to allow year-on-year comparison.

3. Total net assets are presented as of the year ended March 31, 2007 to conform to revised Japanese accounting standards. Data for the years ended March 31, 2006 and 2005 have been restated in conformity with the revised standards.

4. Net working capital = Current assets - Current liabilities

5. Free cash flow = Cash flows from operating activities + Cash flows from investing activities

6. ROE = Net income / Total net assets (average of beginning and end of term balances)

7. ROA = Ordinary income / Total assets (average of beginning and end of term balances)

8. Interest coverage ratio = Cash flows from operating activities / Interest payment

9. In the fiscal year ended March 31, 2015, "loss on retirement of noncurrent assets" was reclassified from extraordinary loss to non-operating expenses.

Ordinary income and return on assets for the fiscal year ended March 31, 2014 have been restated to reflect this change.

Management's Discussion and Analysis

Operating Results

Net Sales

During the fiscal year ended March 31, 2015, global economic conditions continued to recover moderately with an upward trend in the European economy and stability in U.S. consumer spending, despite a slowdown in the economic growth of China and ASEAN countries. The Japanese economy also continued its gradual recovery, despite negative factors such as the consumption tax increase and the higher cost of imports due to a weaker yen.

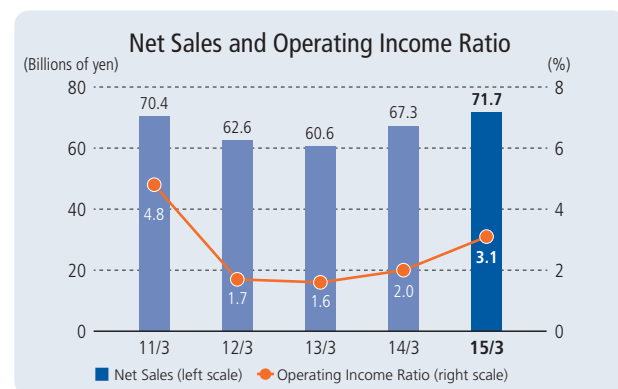
In the markets served by the Group, production increased steadily in the automotive industry, and demand for semiconductors, office automation equipment and related products also remained strong.

In this operating environment, the Group expanded its businesses by leveraging its comprehensive strengths under a new organizational structure and focused its sales efforts on offering new products worldwide. In production, the technology and manufacturing divisions worked together to improve quality and production efficiency.

As a result, consolidated net sales for the fiscal year ended March 31, 2015 increased ¥4,375 million, or 6.5%, year on year to ¥71,707 million.

Operating Income

Operating income increased ¥917 million, or 69.8%, year on year to ¥2,231 million. Main factors included increased sales centered on automotive input devices in the Electronic Devices segment and improved profitability.



Net Non-Operating Income

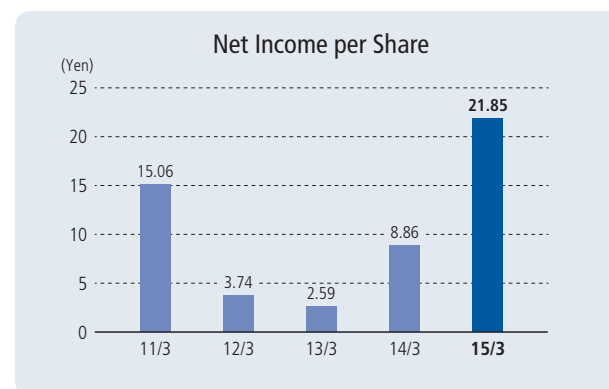
Net non-operating income was ¥634 million, compared with ¥348 million in the previous fiscal year, due to factors including interest income and foreign exchange gains.

Net Extraordinary Income (Loss)

Net extraordinary loss was ¥479 million, compared with ¥200 million in the previous fiscal year, mainly reflecting loss on impairment of noncurrent assets and business structure improvement expenses.

Net Income

Net income increased ¥1,057 million, or 146.9%, year on year to ¥1,777 million. Net income per share was ¥21.85, compared with ¥8.86 in the previous fiscal year.



Fundamental Policy for Distribution of Profits

The Company regards shareholder returns as its most important management issue. In a changing business environment, we will use our technologies to develop high-value-added products and maximize customer satisfaction. This will allow us to increase future corporate value as we work to provide steady returns to shareholders by maintaining stable dividends.

For the fiscal year ended March 31, 2015, the Company paid cash dividends per share of ¥9.00 based on our fundamental policy, taking business performance for the year into consideration. We

will continue to work to enhance earnings and provide stable and increasing dividends.

Cash Flows

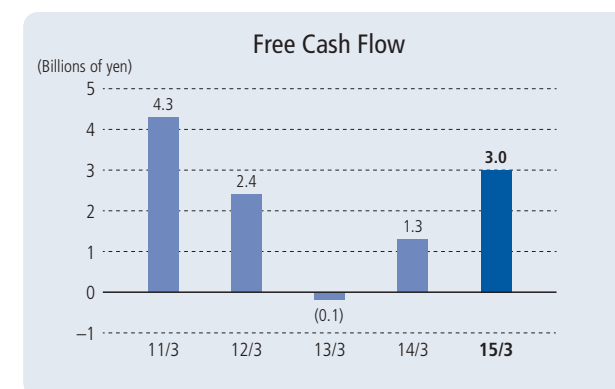
Cash and cash equivalents (hereafter "cash") as of March 31, 2015 increased ¥4,036 million from the end of the previous fiscal year to ¥34,823 million. Cash flows by business activity and the factors that influenced them are as follows.

Net Cash Provided by Operating Activities

Net cash provided by operating activities was ¥4,656 million, an increase of ¥282 million compared with the previous fiscal year. Factors providing cash included income before income taxes of ¥2,386 million, depreciation and amortization of ¥3,868 million, impairment loss of ¥388 million and a loss on retirement of noncurrent assets of ¥274 million. Factors using cash included an increase in inventories of ¥1,004 million, ¥782 million in payment of income taxes and an increase of ¥577 million in notes and accounts receivable – trade.

Net Cash Used in Investing Activities

Net cash used in investing activities was ¥1,572 million, a decrease of ¥1,463 million compared with the previous fiscal year. The result was primarily attributable to a decrease in time deposits of ¥1,809 million and payments of ¥3,234 million for the purchase of property, plant and equipment. Free cash flow, defined as the sum of cash flows from operating activities and cash flows from investing activities, was ¥3,084 million, compared with ¥1,337 million in the previous fiscal year.



Net Cash Used in Financing Activities

Net cash used in financing activities was ¥604 million, a decrease of ¥141 million compared with the previous fiscal year. The result mainly reflected cash dividends paid of ¥731 million.

Financial Position

Assets

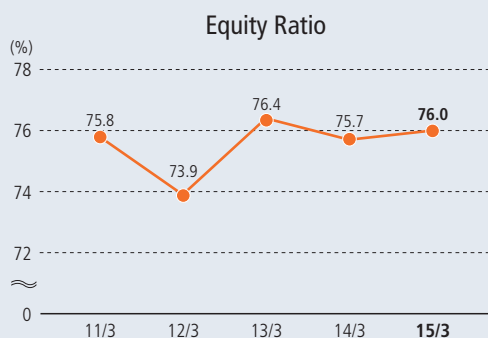
Total assets as of March 31, 2015 increased ¥5,244 million from the end of the previous fiscal year to ¥93,889 million. Factors included increases of ¥2,193 million in cash and deposits, ¥960 million in notes and accounts receivable—trade, ¥941 million in merchandise and finished goods, and ¥410 million in work in process.

Liabilities

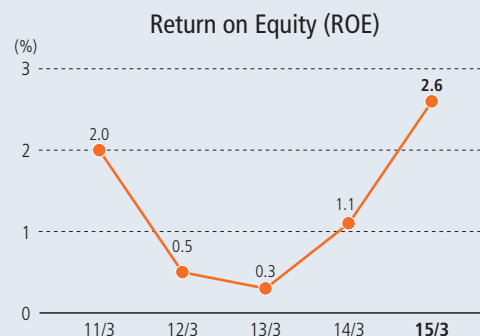
Total liabilities increased ¥1,083 million from the end of the previous fiscal year to ¥21,638 million. This primarily reflects increases of ¥691 million in accounts payable—other, ¥419 million in accrued expenses and ¥203 million in notes and accounts payable—trade, which were partially offset by a decrease of ¥314 million in net defined benefit liability.

Net Assets

Total net assets increased ¥4,161 million from the end of the previous fiscal year to ¥72,250 million, primarily due to a net positive foreign currency translation adjustment of ¥2,591 million and a ¥1,255 million increase in retained earnings. The equity ratio increased 0.3 percentage points from the end of the previous fiscal year to 76.0%.



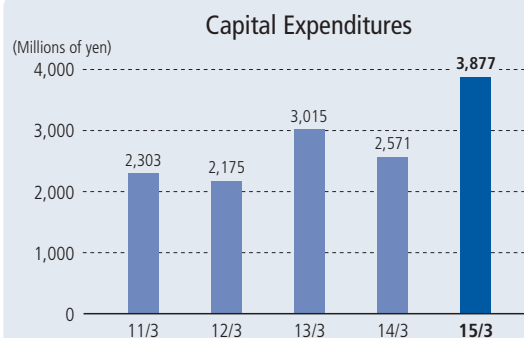
Return on equity increased 1.5 percentage points to 2.6%.



Capital Expenditures

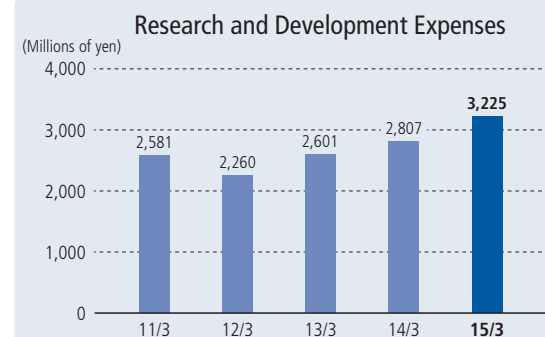
The Shin-Etsu Polymer Group makes investments with a focus on products and businesses with good long-term growth potential, as well as for labor-saving and rationalization. In the fiscal year ended March 31, 2015, the Group focused on capital expenditures to invest in manufacturing facilities for new products such as touch input devices in the Electronic Devices segment and to expand manufacturing facilities for OA device components in the Precision Molding Products segment.

As a result, capital expenditures totaled ¥3,877 million. This consisted of ¥1,291 million in the Electronic Devices segment, ¥1,583 million in the Precision Molding Products segment, and ¥769 million in the Housing and Living Materials segment.



Research and Development

In the fiscal year ended March 31, 2015, research and development expenses totaled ¥3,225 million. This consisted of ¥875 million in the Electronic Devices segment, ¥1,668 million in the Precision Molding Products segment and ¥681 million in the Housing and Living Materials segment.



Risk Information

The primary risks that could affect the results and financial position of the Shin-Etsu Polymer Group include, but are not limited to, those outlined below.

1. Economic Trends

Demand for the Group's products is dispersed worldwide, and is influenced by economic conditions in the countries and regions in which the Group sells its products. In addition, problems in production, purchasing and sales caused by sudden deterioration in international social conditions could impact the Group's results.

2. Exchange Rate Fluctuations

In overseas business, the Group conducts business in Asia, North America, Europe and other regions. Sales, expenses, assets and other items denominated in foreign currencies are translated into Japanese yen when the Group prepares its consolidated financial statements. Valuation of these items will therefore vary according to the exchange rate at which such items are translated into yen, which could affect the Group's financial position and results.

3. Country Risk

The Group's overseas operating bases are exposed to a variety of risks in the countries where they are located. These risks could interfere with the Group's operating activities should they materialize, which could affect the Group's results and future plans.

4. Rising Raw Material Costs and Supply Shortages

The Group uses petrochemicals as the raw materials for a substantial proportion of its products. Changes in market prices for crude oil, naphtha and other petrochemicals and sharp increases in raw material prices could affect the Group's results. In addition, unforeseen contingencies involving suppliers that reduce the quality or availability of raw materials or components could affect the Group's manufacturing activities and results.

5. Competition with Other Companies

Over the past several years, price competition and competition for market share with other companies has intensified in the Group's markets overseas. These conditions could affect the Group's results.

6. Regulatory Risk

The Group is subject to a variety of laws and regulations in the countries and regions where it operates. These include investment approval, export controls, laws and regulations concerning fair competition and environmental protection, and others related to business transactions, labor, intellectual property rights, taxes and currency controls. Changes in these laws and regulations or their application could affect the Group's results.

7. New Product Development

Competition in new product development and pricing is intense in the electronics equipment and semiconductor-related industries, where the Group operates. As a solutions provider and developer, the Group is working to develop new products and make innovations in production technologies, but inability to accurately respond to industry or market changes could affect the Group's results.

8. Intellectual Property

In the course of its business, the Group acquires, maintains and manages intellectual property rights to products and production processes. The Group also obtains licenses to use intellectual property rights of third parties as necessary. Inability to properly protect, maintain or acquire those rights could subject the Group to copying or litigation, resulting in expenses or other factors that could affect the Group's results.

9. Natural Disasters

The Group concentrates manufacturing of certain products at specialized plants. Earthquakes, windstorms, floods and other natural disasters have the potential to interfere with the manufacture of such products, which could affect the Group's results.

10. Product Liability

The Group works to properly manage quality in all processes, including raw material acquisition, product design, production and shipping. However, product liability claims or other developments resulting from unanticipated defects or other problems could affect the Group's results.

Consolidated Financial Statements

Consolidated Balance Sheets (As of March 31, 2015 and 2014)

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Assets			
Current assets			
Cash and deposits	¥37,333	¥35,139	\$311,108
Notes and accounts receivable—trade	19,050	18,090	158,750
Merchandise and finished goods	5,801	4,859	48,341
Work in process	1,349	938	11,241
Raw materials and supplies	2,297	2,217	19,141
Deferred tax assets	1,054	828	8,783
Accounts receivable—other	1,293	1,103	10,775
Other	1,906	1,564	15,883
Allowance for doubtful accounts	(423)	(273)	(3,525)
Total current assets	69,663	64,468	580,525
Noncurrent assets			
Property, plant and equipment			
Buildings and structures, net	6,863	6,991	57,191
Machinery, equipment and vehicles, net	5,575	5,669	46,458
Land	6,544	6,210	54,533
Construction in progress	691	851	5,758
Other, net	1,019	1,046	8,491
Total property, plant and equipment	20,693	20,770	172,441
Intangible assets			
Software	383	496	3,191
Other	146	158	1,216
Total intangible assets	530	655	4,416
Investments and other assets			
Investment securities	1,551	1,333	12,925
Long-term loans receivable	2	5	16
Deferred tax assets	322	330	2,683
Other	1,125	1,081	9,375
Total investments and other assets	3,001	2,750	25,008
Total noncurrent assets	24,225	24,176	201,875
Total assets	¥93,889	¥88,644	\$782,408

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Liabilities			
Current liabilities			
Notes and accounts payable—trade	¥13,338	¥13,134	\$111,150
Short-term loans payable	0	0	0
Accounts payable—other	2,493	1,801	20,775
Income taxes payable	229	184	1,908
Accrued expenses	1,768	1,349	14,733
Provision for bonuses	1,094	960	9,116
Provision for directors' bonuses	42	36	350
Other	896	908	7,466
Total current liabilities	19,864	18,376	165,533
Noncurrent liabilities			
Long-term loans payable	1	1	8
Net defined benefit liability	1,331	1,645	11,091
Other	441	531	3,675
Total noncurrent liabilities	1,774	2,178	14,783
Total liabilities	21,638	20,555	180,316
Net assets			
Shareholders' equity			
Capital stock	11,635	11,635	96,958
Capital surplus	10,469	10,469	87,241
Retained earnings	46,321	45,065	386,008
Treasury stock	(731)	(948)	(6,091)
Total shareholders' equity	67,694	66,221	564,116
Accumulated other comprehensive income			
Valuation difference on available-for-sale securities	441	256	3,675
Foreign currency translation adjustment	3,200	609	26,666
Remeasurements of defined benefit plans	18	53	150
Total accumulated other comprehensive income	3,660	918	30,500
Subscription rights to shares	58	133	483
Minority interests	836	814	6,966
Total net assets	72,250	68,088	602,083
Total liabilities and net assets	¥93,889	¥88,644	\$782,408

Consolidated Statements of Income and Consolidated Statements of Comprehensive Income

(For the years ended March 31, 2015 and 2014)

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Consolidated Statements of Income			
Net sales	¥71,707	¥67,332	\$597,558
Cost of sales	53,173	50,749	443,108
Gross profit	18,534	16,582	154,450
Selling, general and administrative expenses	16,303	15,268	135,858
Operating income	2,231	1,314	18,591
Non-operating income			
Interest income	255	242	2,125
Foreign exchange gains	616	228	5,133
Other	73	89	608
Total non-operating income	945	560	7,875
Non-operating expenses			
Interest expenses	31	32	258
Loss on retirement of non-current assets	274	172	2,283
Other	5	6	41
Total non-operating expenses	311	211	2,591
Ordinary income	2,865	1,662	23,875
Extraordinary income			
Gain on sales of noncurrent assets	—	16	—
Gain on sales of investment securities	—	1	—
Reversal of new share subscription rights	62	50	516
Total extraordinary income	62	68	516
Extraordinary loss			
Loss on impairment of noncurrent assets	388	58	3,233
Business structure improvement expenses	153	—	1,275
Loss on disposal of inventories	—	210	—
Total extraordinary losses	541	269	4,508
Income before income taxes (and minority interest)	2,386	1,462	19,883
Income taxes—current	823	586	6,858
Income taxes—deferred	(154)	154	(1,283)
Total income taxes	668	740	5,566
Income before minority interests	1,717	721	14,308
Minority interests in income (loss)	(60)	1	(500)
Net income	¥ 1,777	¥ 720	\$ 14,808
Consolidated Statements of Comprehensive Income			
Income before minority interests	¥1,717	¥ 721	\$14,308
Other comprehensive income			
Valuation difference on available-for-sale securities	185	96	1,541
Foreign currency translation adjustment	2,676	5,051	22,300
Remeasurements of defined benefit plans	(34)	—	(283)
Total other comprehensive income	2,827	5,147	23,558
Comprehensive income	4,544	5,869	37,866
(Breakdown)			
Comprehensive income attributable to owners of the parent	4,519	5,700	37,658
Comprehensive income attributable to minority interests	¥ 24	¥ 169	\$ 200

Consolidated Statements of Cash Flows

(For the years ended March 31, 2015 and 2014)

	Millions of yen		Thousands of U.S. dollars
	2015	2014	2015
Cash flows from operating activities			
Income before income taxes (and minority interests)	¥ 2,386	¥ 1,462	\$ 19,883
Depreciation and amortization	3,868	3,039	32,233
Impairment loss	388	58	3,233
Increase (decrease) in net defined benefit liability	(55)	(123)	(458)
Interest and dividends income	(277)	(267)	(2,308)
Interest expense	31	32	258
Foreign exchange losses (gains)	(153)	(103)	(1,275)
Loss on retirement of noncurrent assets	274	172	2,283
Loss (gain) on sales of noncurrent assets	—	(16)	—
Decrease (increase) in notes and accounts receivable—trade	(577)	677	(4,808)
Decrease (increase) in inventories	(1,004)	234	(8,366)
Increase (decrease) in notes and accounts payable—trade	22	(41)	183
Decrease/increase in consumption taxes receivable/payable	(99)	7	(825)
Other, net	373	(656)	3,108
Subtotal	5,176	4,477	43,133
Interest and dividends income received	293	264	2,441
Interest expenses paid	(30)	(32)	(250)
Income taxes (paid) refund	(782)	(334)	(6,516)
Net cash provided by (used in) operating activities	4,656	4,373	38,800
Cash flows from investing activities			
Decrease (increase) in time deposits	1,809	(1,710)	15,075
Purchase of property, plant and equipment	(3,234)	(1,081)	(26,950)
Proceeds from sale of property, plant and equipment	39	41	325
Purchase of intangible assets	(49)	(23)	(408)
Investments in capital of unconsolidated subsidiaries	(33)	—	(275)
Purchase of shares of subsidiaries	—	(57)	—
Payments of long-term loans receivable	—	(4)	—
Other, net	(104)	(200)	(866)
Net cash provided by (used in) investing activities	(1,572)	(3,036)	(13,100)
Cash flows from financing activities			
Cash dividends paid	(731)	(730)	(6,091)
Other, net	127	(14)	1,058
Net cash provided by (used in) financing activities	(604)	(745)	(5,033)
Effect of exchange rate changes on cash and cash equivalents	1,556	2,767	12,966
Net increase (decrease) in cash and cash equivalents	4,036	3,359	33,633
Cash and cash equivalents at beginning of period	30,786	27,427	256,550
Cash and cash equivalents at end of period	¥34,823	¥30,786	\$290,191

Company Profile, Investor Information and Group Network (As of March 31, 2015)

Company Profile

Corporate Name:	Shin-Etsu Polymer Co., Ltd.
Established:	September 15, 1960
Head Office:	Sotetsu Kandasudacho Building, 1-9 Kanda-Sudacho, Chiyoda-ku, Tokyo 101-0041 Japan
Paid-in Capital:	¥11,635 million
Number of Employees:	3,962 (Consolidated) 608 (Non-consolidated)
Consolidated Subsidiaries:	16 companies
URL:	http://www.shinpoly.co.jp/english/

Group Network

(As of March 31, 2015)



Investor Information

Number of Shares Authorized:	320,000,000
Number of Shares Issued:	82,623,376
Number of Shareholders:	11,361
Fiscal Year-End:	March 31
Stock Listing:	Tokyo Stock Exchange (Ticker code 7970)
Transfer Agent:	Mizuho Trust & Banking Co., Ltd.

Major Shareholders

	Number of Shares (Thousands)	Percentage of Total Equity (%)
Shin-Etsu Chemical Co., Ltd.	42,986	52.6
Japan Trustee Services Bank, Ltd. (Trust account)	4,237	5.1
The Master Trust Bank of Japan, Ltd. (Trust account)	1,512	1.8
BNY FOR GCM CLIENT ACCOUNTS (E) BD	968	1.1
Japan Trustee Services Bank, Ltd. (Trust account 9)	832	1.0
UBS AG LONDON A/C IPB SEGREGATED CLIENT ACCOUNT	791	0.9
Nippon Life Insurance Company	768	0.9
CBNY DFA INTL SMALL CAP VALUE PORTFOLIO	650	0.7
CBNY-GOVERNMENT OF NORWAY	618	0.7
Mizuho Trust & Banking Co., Ltd.	585	0.7

Note: In addition to the above, Shin-Etsu Polymer Co., Ltd. holds 1,041 thousand shares of treasury stock. Percentage of total equity is calculated excluding treasury stock.

Composition of Shareholders

