

# Financial Summary

- For the half-year ended September 30, 2007 -

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(Consolidated/Non-Consolidated)

※Caution concerning these materials.※

The forward-looking statements provided in this material are related to the future plans, strategies and business and financial performance of the Shin-Etsu Polymer Group. Forward-looking statements listed herein are based on currently available information and are subject to change. Our actual future results may be materially different than those expressed in our forward-looking statements.

October 29, 2007

Shin-Etsu Polymer Co., Ltd.

# Operating Performance (Consolidated/Non-consolidated)

【Unit: millions of yen】

【times】

	Consolidated			Non-consolidated			Ratio (Consolidated/Non-consolidated)	
	2006.9	2007.9	Increase / Decrease	2006.9	2007.9	Increase / Decrease	2006.9	2007.9
Net sales	54,396	51,652	(5%)	32,288	33,356	3.3%	1.68	1.55
Operating income	6,068	5,408	(10.9%)	1,026	1,523	48.4%	5.91	3.55
Ordinary income	6,117	5,501	(10.1%)	2,057	2,755	33.9%	2.97	2.00
Net income	4,017	2,858	(28.9%)	1,381	1,260	(8.8%)	2.91	2.27
Total assets	102,303	106,746	4.3%	69,806	69,476	(0.5%)	1.47	1.54
Total net assets	61,236	70,080	14.4%	42,106	43,256	2.7%	1.45	1.62
Equity ratio	59.2%	64.8%		60.1%	61.9%			
Per share (in yen)								
Net income	49.5	35.2円		17.0	35.2円			
Total net assets	747.5	851.7円		517.9	851.7円			
Cash dividends				6.0				
ROE (yealy basis )	13.3%	8.6%		6.6%	8.6%			→ Return (Net income) on equity
ROA (yealy basis )	12.0%	10.3%		5.9%	10.3%			→ Return (Ordinary income) on assets

# Financial Highlights (Consolidated/Non-consolidated)

【Unit: millions of yen】

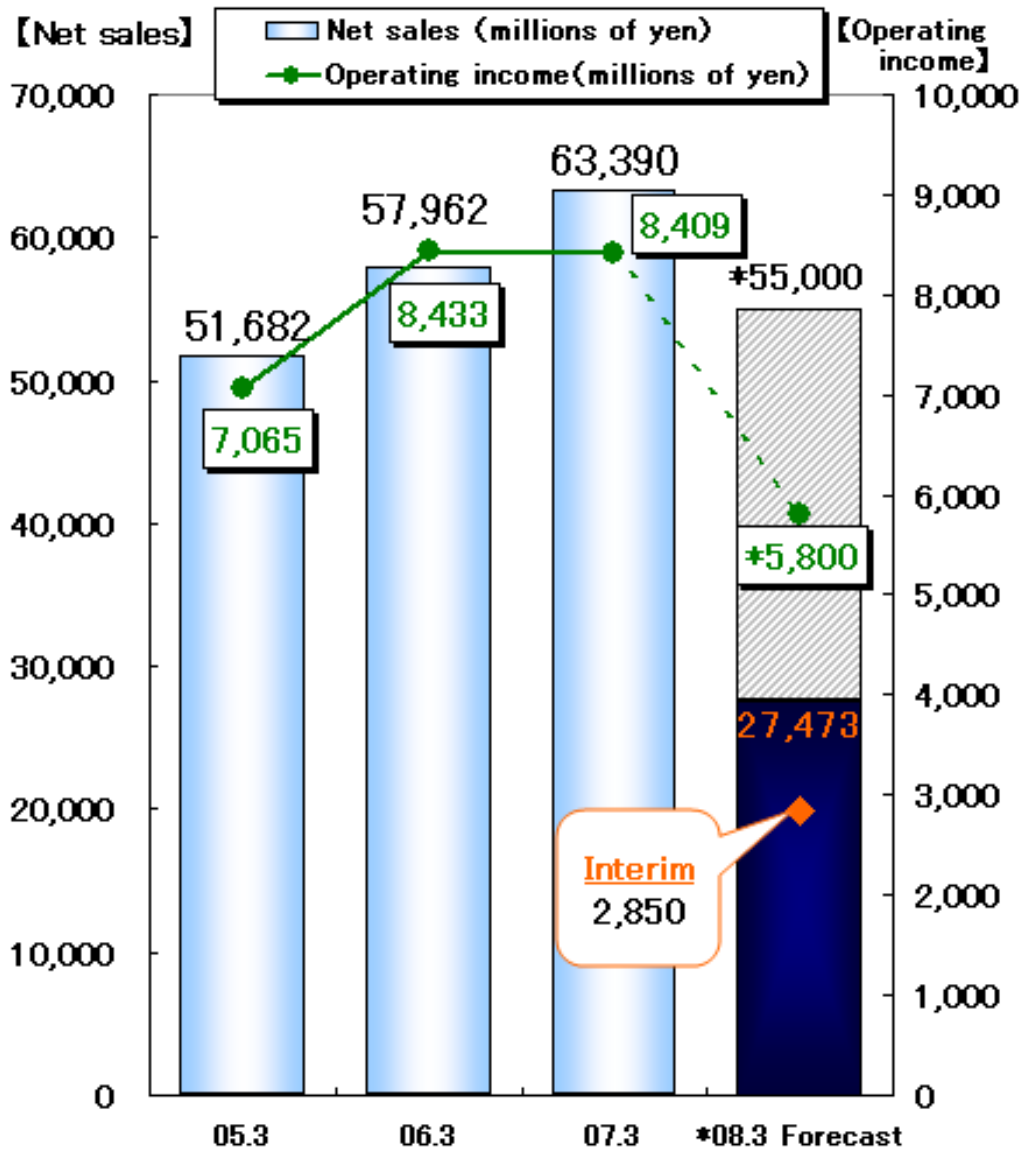
		Consolidated			Non-consolidated		
		2006.9	2007.9	*2008.3 Forecast	2006.9	2007.9	*2008.3 Forecast
Capital expenditure	【millions of yen】	2,560	4,343	6,000	841	613	1,300
Depreciation	【millions of yen】	2,038	2,199	5,000	748	831	1,700
R&D costs	【millions of yen】	1,287	1,411	2,800	1,284	1,404	2,800
Interest liabilities	【millions of yen】	6,578	3,164		4,806	2,740	
Interest (loss/gain)	【millions of yen】	35	148		7	16	
Number of employees	--	5,966	5,832		652	636	
Exchange rate (yen/US dollar)	Consol. (Jan.-Jun. avg.)	115.72	120.50				
	Non-consol. (Apr.-Sep. avg.)				115.26	119.20	
	Consol. (End of Jun.)	115.24	123.26				
	Non-Consol. (End of Sep.)				117.90	115.43	

## Business Segment Information (Consolidated)

【Unit: millions of yen】

Segment		2006.9	2007.9	Increase/ decrease	*2008. 3 Forecast
Electronic and Functional Products	Net sales	32,654	27,473	(15.9%)	55,000
	Operating income	4,590	2,850	(37.9%)	5,800
Packaging Products	Net sales	14,723	17,614	19.6%	35,000
	Operating income	1,999	3,010	50.6%	5,000
Construction Materials and Constructing	Net sales	7,018	6,564	(6.5%)	13,000
	Operating income	(132)	32		50
Eliminations and corporate		(389)	(484)	24.4%	(850)
Total	Net sales	54,396	51,652	(5.0%)	103,000
	Operating income	6,068	5,408	(10.9%)	10,000

# Electronic and Functional Products Business Segment (Consolidated)



## Outlook for principal products

### Keypads

Used in domestic mobile phones, and steadily making the transition to vehicle use. Sales and profits for keypads for mobile phones abroad are declining because of a drop in the average unit price resulting from severe cost competition and increasing quantities of entry-level products.

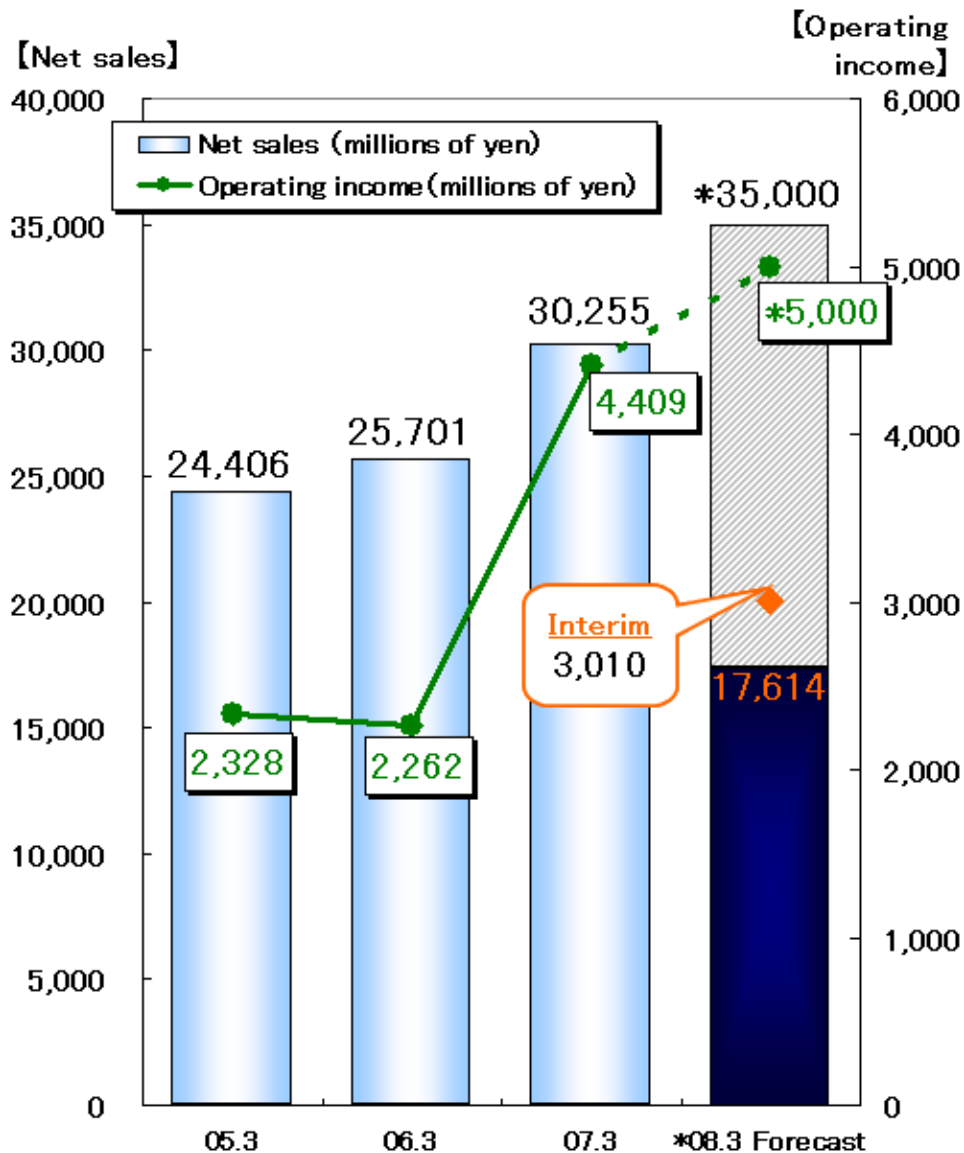
### Inter-connectors

Steadily making the transition to liquid crystal applications. Sales and profits are falling due to a lack of adoption in semiconductors and mobile phones.

### OA device components

Sales and profits are declining due to severe competition in the printer market and a sluggish growth in orders.

# Packaging Products Business Segment (Consolidated)



## Outlook for principal products

### ■ Wafer containers

300mm wafer containers (FOSB and FOUP) continue to grow, leading to increasing sales and profits. Profit growth is slow because of increases in depreciation and labor costs due to investment in a large facility.

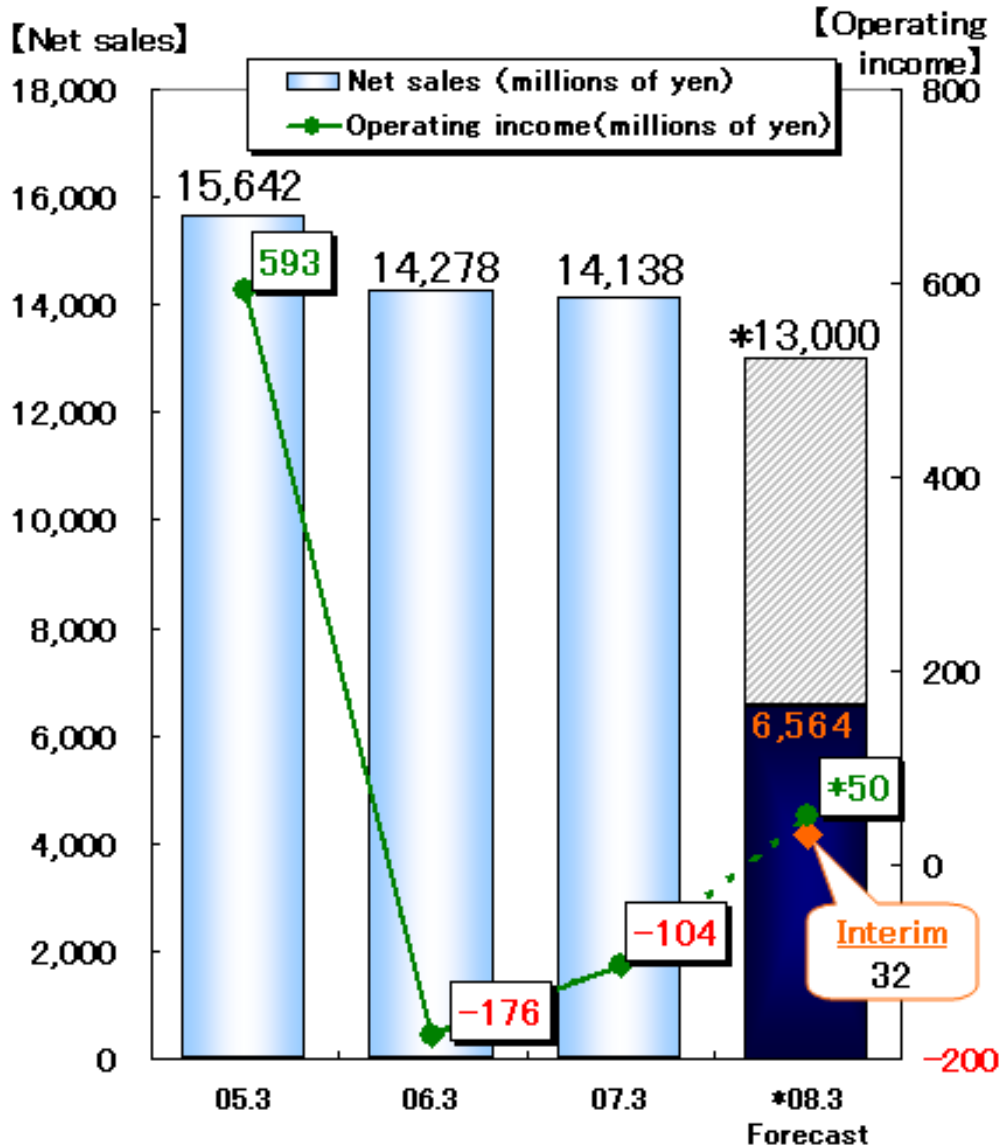
### ■ Carrier Tape

Sales and profits are increasing as a result of a positive shift to the electronic component and semiconductor industries.

### ■ General Packaging Materials

Sales and profits are rising due to contributions from new products, wrapping film and plastic sheets.

# Construction Materials and Constructing Business Segment (Consolidated)



## Outlook for principal products

### Construction Materials

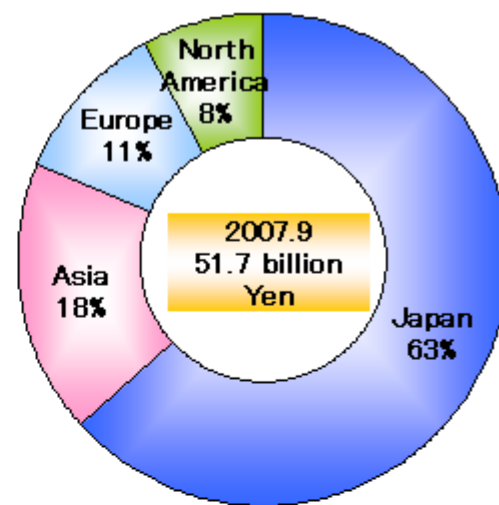
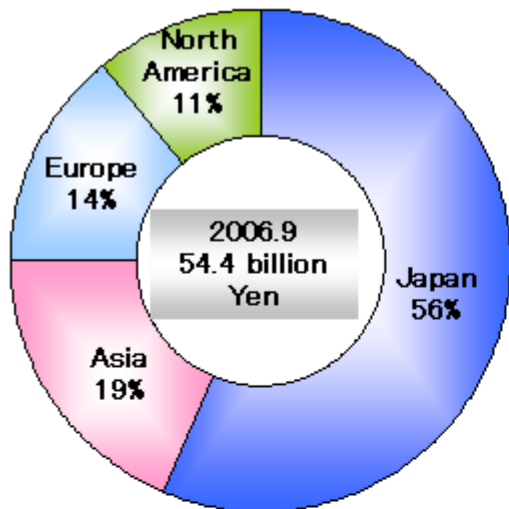
Sales and profits are falling because of stagnant demand for PVC pipe-related products and a steep rise in raw material costs resulting from high crude oil prices. Sales are falling for products related to exterior cladding materials due to weak construction demand, while profits are rising slightly.

### Construction-related

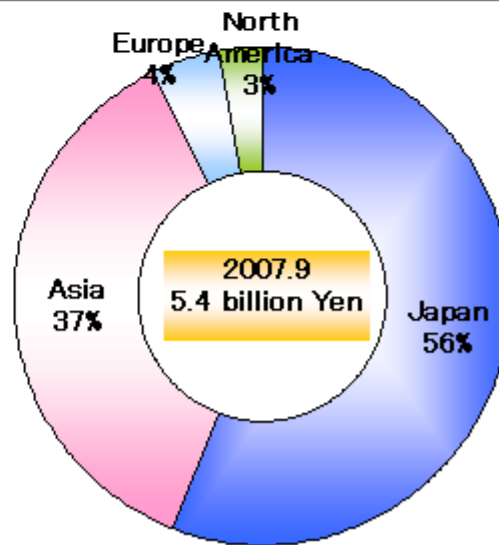
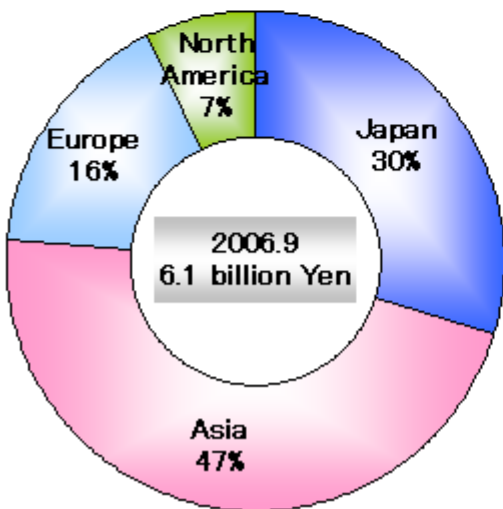
Sales have fallen slightly, but profits have risen due to a decrease in costs.

# Geographical Segment Information(Consolidated)

## Net sales



## Operating income



# Balance Sheets (Consolidated)

[Unit: millions of yen]

		2006.9	2007.9	Increase / Decrease
<b>Current assets</b>	Cash and time deposits	23,857	26,553	(2,399)
	Notes and accounts receivable-trade	26,654	30,974	1,107
	Inventories	10,318	11,414	373
	Others	3,975	3,529	505
	<b>Total</b>	<b>64,806</b>	<b>72,472</b>	<b>(412)</b>
<b>Fixed assets</b>	Fixed Assets	27,750	30,416	2,535
	Intangible fixed assets	217	289	22
	Others	3,981	3,568	(60)
	<b>Total</b>	<b>31,950</b>	<b>34,274</b>	<b>2,498</b>
<b>Total assets</b>		<b>96,756</b>	<b>106,746</b>	<b>2,085</b>
<b>Current liabilities</b>	Notes and accounts payable-trade	20,457	24,770	868
	Short-term bank borrowings	4,404	1,485	(895)
	Others	9,486	7,110	(1,044)
	<b>Total</b>	<b>34,347</b>	<b>33,366</b>	<b>(1,070)</b>
<b>Fixed Liabilities</b>	Long-term debt	3,316	1,679	(533)
	Allowance for severance and retirement benefits	983	1,244	85
	Others	339	375	2
	<b>Total</b>	<b>4,639</b>	<b>3,299</b>	<b>(445)</b>
<b>Total liabilities</b>		<b>38,987</b>	<b>36,666</b>	<b>(1,516)</b>
<b>Total net assets</b>		<b>57,769</b>	<b>70,080</b>	<b>3,602</b>
<b>Total liabilities and net assets</b>		<b>96,756</b>	<b>106,746</b>	<b>2,085</b>

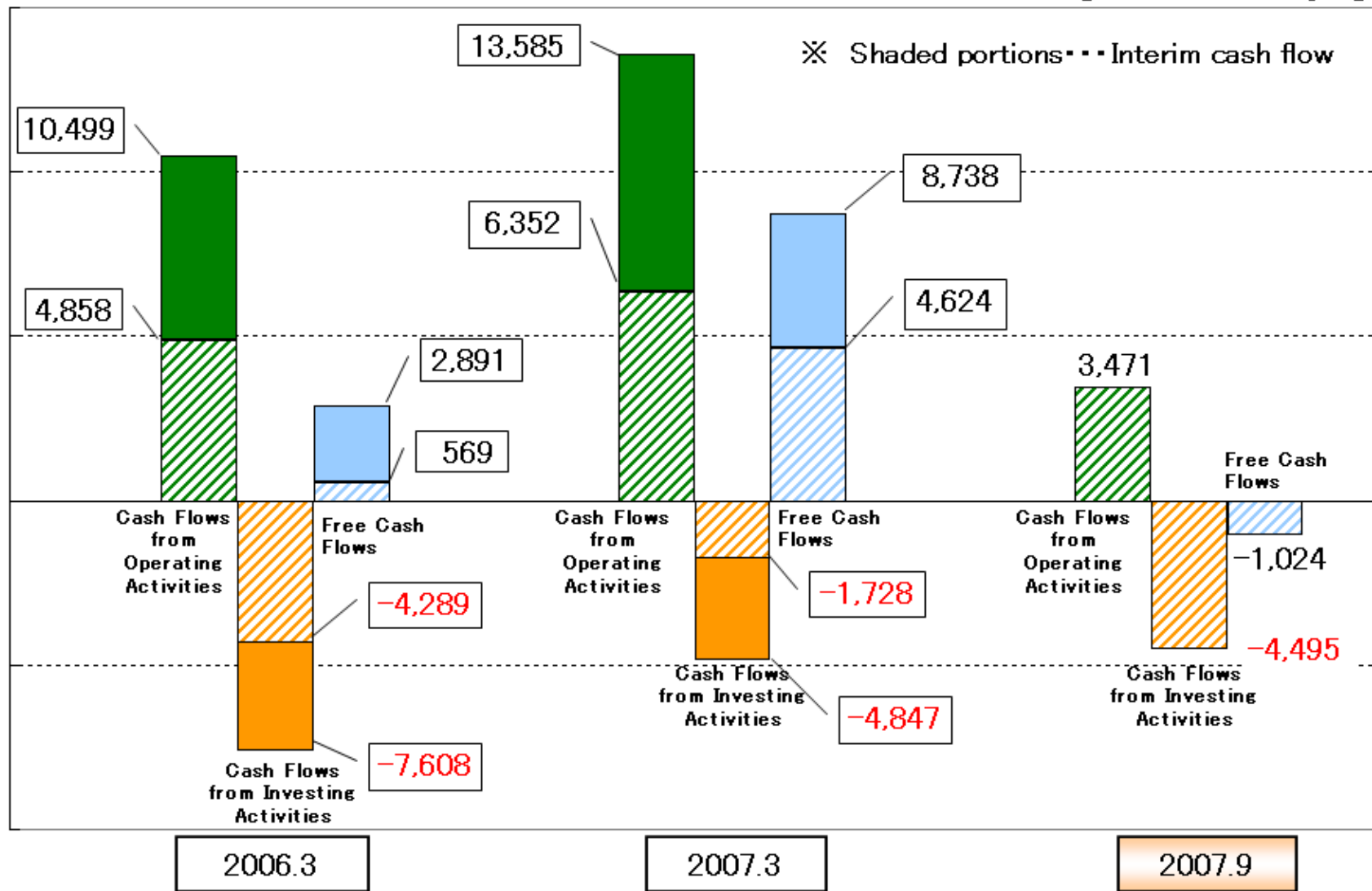
## Statements of Income (Consolidated)

【Unit: millions of yen】

	2006.9	2007.9	Increase / Decrease	% change
Net sales	54,396	51,652	(2,743)	(5.0%)
Cost of sales	38,759	37,268	(1,490)	(3.8%)
Selling, general and administrative expenses	9,568	8,976	(592)	(6.2%)
Operating income	6,068	5,408	(659)	(10.9%)
Non-operating income	259	343	84	32.4%
Non-operating expenses	209	250	40	19.5%
Ordinary income	6,117	5,501	(616)	(10.1%)
Extraordinary gains	0	152	152	-
Extraordinary losses	69	45	(23)	(33.9%)
Income before income taxes	6,048	5,608	(440)	(7.3%)
Income taxes - current	2,142	2,223	81	3.8%
Income taxes - deferred	(222)	487	710	-
Minority interests	111	38	(72)	(65.7%)
Net income	4,017	2,858	(1,159)	(28.9%)

# Free Cash Flows (Consolidated)

[Unit: millions of yen]



## Performance Forecasts for the Year Ending March 2008

	Consolidated		Non-consolidated	
	millions of yen	% change	millions of yen	% change
Net sales	103,000	(4.4)	67,000	6.1
Operating income	10,000	(15.7)	3,300	44.1
Ordinary income	10,000	(17.1)	4,300	27.7
Net income	6,300	(22.5)	3,000	28.0
Net income per share (in yen)	77.53	(22.72)	36.92	8.02
Dividends per share (in yen)			15.00	—