

Financial Summary

- For the half-year ended September 30, 2008 -

(Consolidated)

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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 28, 2008

Shin-Etsu Polymer Co., Ltd.

Operating Performance

【Unit: millions of yen】

| | Consolidated | | |
|--------------------|--------------|--------|---------------------|
| | 2007.9 | 2008.9 | Increase / Decrease |
| Net sales | 51,652 | 45,989 | Δ 11.0% |
| Operating income | 5,408 | 1,753 | Δ 67.6% |
| Ordinary income | 5,501 | 1,945 | Δ 64.6% |
| Net income | 2,858 | 1,060 | Δ 62.9% |
| Total assets | 106,746 | 99,240 | Δ 7.0% |
| Total net assets | 70,080 | 70,530 | 0.6% |
| Equity ratio | 64.8% | 70.1% | |
| Per share (in yen) | | | |
| Net income | 35.2 | 13円 | |
| Total net assets | 851.7 | 855.5円 | |
| Cash dividends | 7.5円 | 7.5円 | |
| ROE (yealy basis) | 8.6% | 3.1% | |
| ROA (yealy basis) | 10.3% | 3.9% | |

Financial Highlights

【Unit: millions of yen】

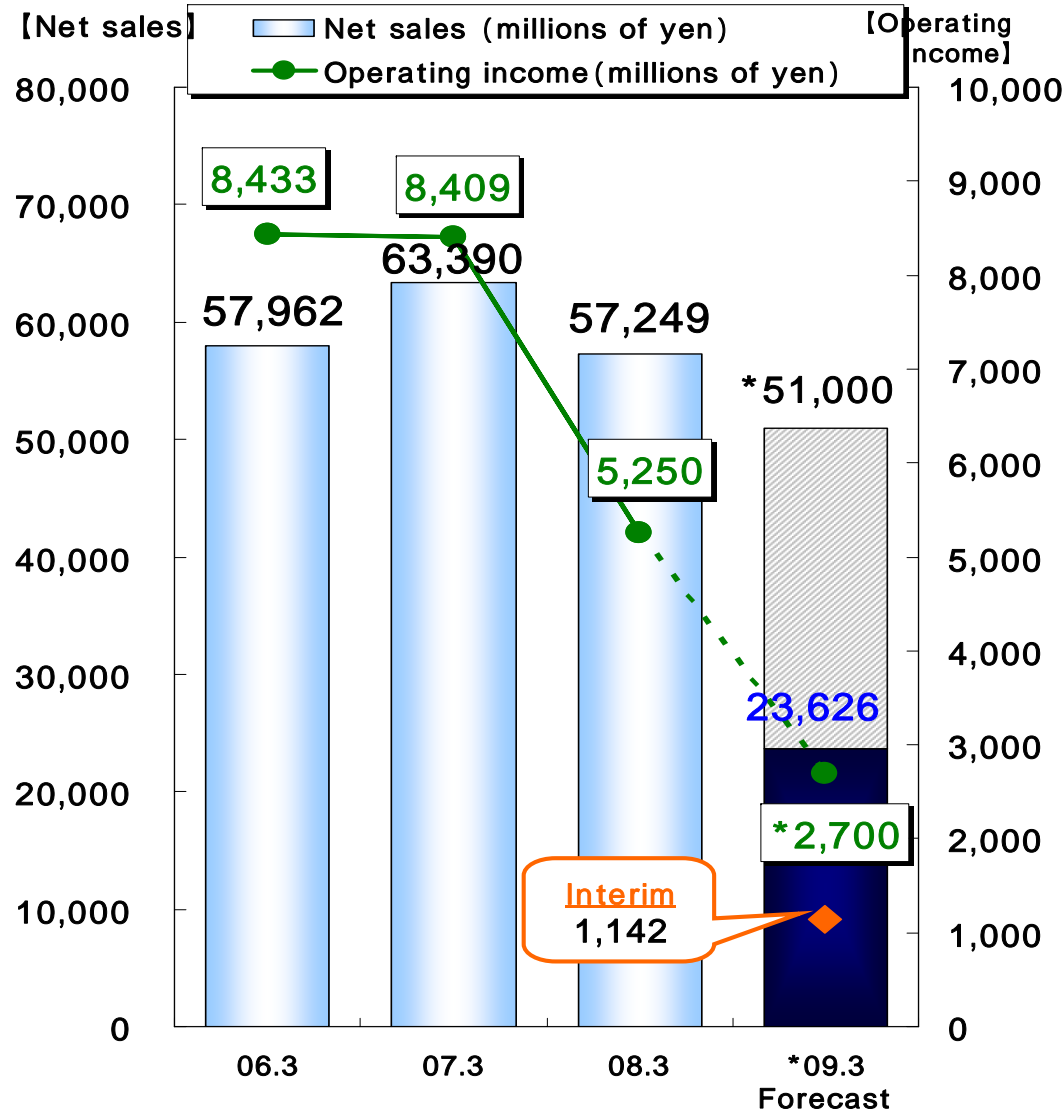
| | | Consolidated | | |
|----------------------------------|-----------------------------|--------------|--------|---------------------|
| | | 2007.9 | 2008.9 | *2009.3 Forecast |
| Capital expenditure | 【millions of yen】 | 4,343 | 1,787 | 4,000 |
| Depreciation | 【millions of yen】 | 2,199 | 2,019 | 4,100 |
| R&D costs | 【millions of yen】 | 1,411 | 1,336 | 2,500 |
| Interest liabilities | 【millions of yen】 | 3,164 | 3,285 | |
| Interest (loss/gain) | 【millions of yen】 | 148 | 115 | |
| Number of employees | -- | 5,832 | 6,559 | |
| Exchange rate (yen/US dollar) | Consol. (Jan.–Jun. avg.) | 120.50 | 104.61 | |
| | Consol. (End of Jun.) | 123.26 | 106.42 | |

Business Segment Information (Consolidated)

【Unit: millions of yen】

| Segment | | 2007.9 | 2008.9 | Increase/ decrease | *2009. 3 Forecast |
|--|---------------------|--------|--------|-----------------------|----------------------|
| Electronic and Functional Products | Net sales | 27,473 | 23,626 | (14.0)% | 51,000 |
| | Operating income | 2,850 | 1,142 | (59.9)% | 2,700 |
| Packaging Products | Net sales | 17,614 | 16,295 | (7.5)% | 31,000 |
| | Operating income | 3,010 | 1,365 | (54.7)% | 2,400 |
| Construction Materials and Constructing | Net sales | 6,564 | 6,066 | (4.5)% | 12,000 |
| | Operating income | 32 | △ 281 | | -250 |
| Eliminations and corporate | | (484) | (472) | (2.5)% | (850) |
| Total | Net sales | 51,652 | 45,989 | (11.0)% | 94,000 |
| | Operating income | 5,408 | 1,753 | (67.6)% | 4,000 |

Electronic and Functional Products Business Segment (Consolidated)



Outlook for principal products

Keypads

Vehicular keypads performed robustly. Cellphone keypads, on the other hand, performed poorly, both in Japan and overseas. Even though overseas sales volume increased, falling prices and the increase in low-cost products had a substantial impact, pushing results below the level of the preceding year.

Inter-connectors

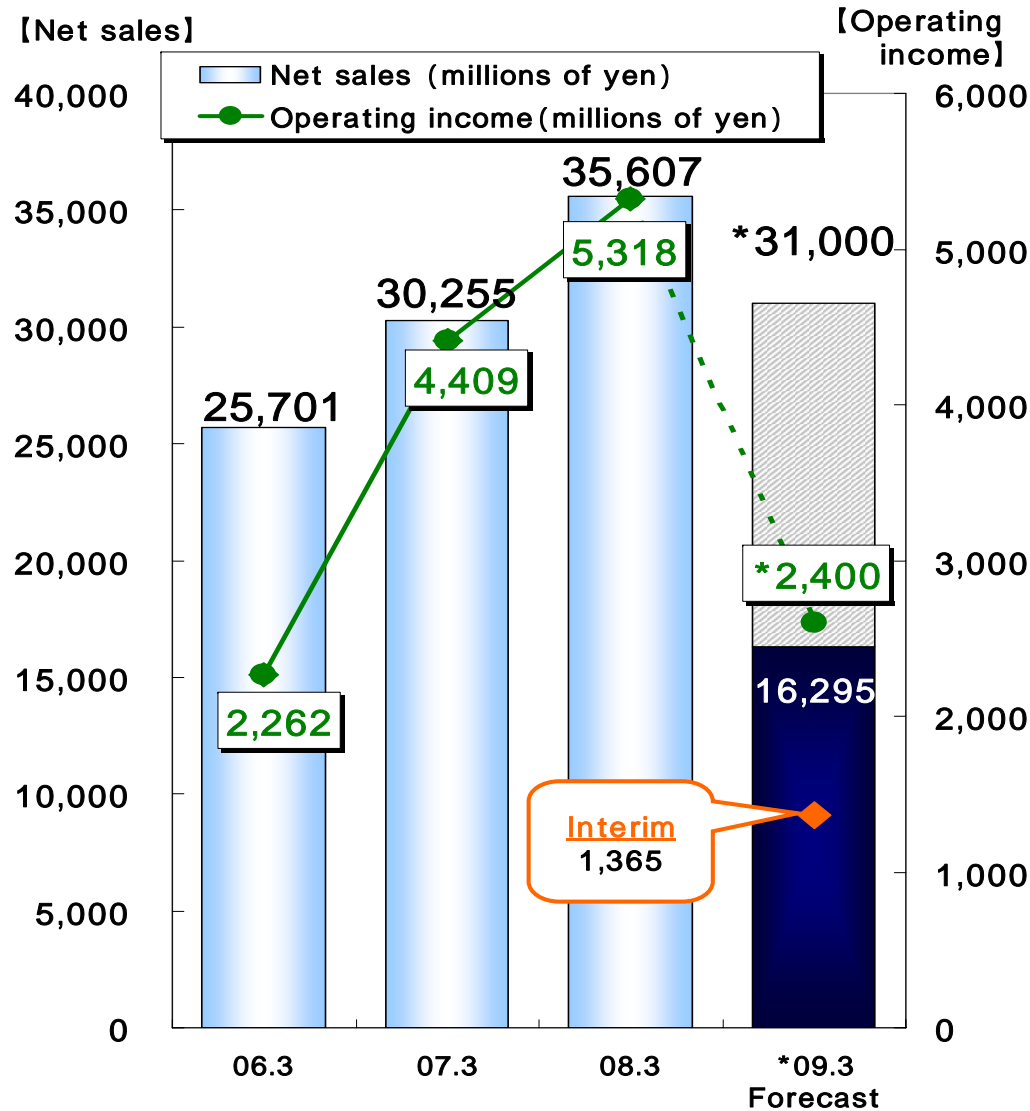
Inter-connectors for LCD panels performed robustly. We also launched new products for sensor and optical applications.

OA device components

Sales failed to increase, hit by declining demand and inventory adjustment.

Packaging Products Business Segment (Consolidated)

Outlook for principal products

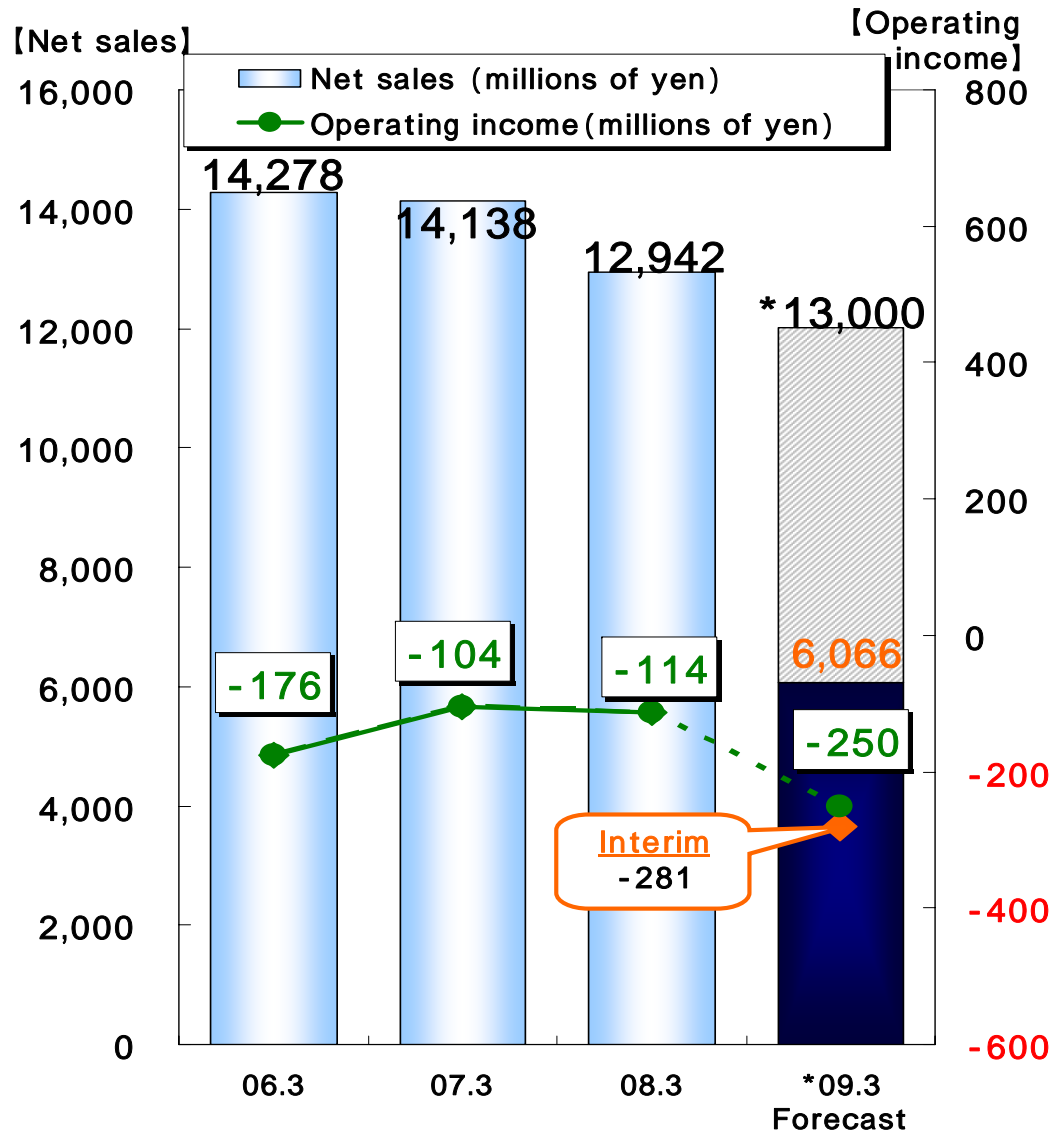


Wafer containers
 300mm wafer shipping cases performed robustly, but orders for 200mm and smaller shipping cases, and for 300mm processing cases, fell short of the preceding year, and the segment as a whole performed

Carrier Tape
 Sales were poor, due to slumping demand in the electrical component industry.

General Packaging Materials
 Revenue from wrapping films increased, as our efforts to expand sales of our mainstream vinyl chloride stretch film and new products bore

Construction Materials and Constructing Business Segment (Consolidated)



Outlook for principal products

Construction Materials

Revenue from PVC pipe-related products declined due to falling demand. Exterior materials-related products held at the same level as the preceding year.

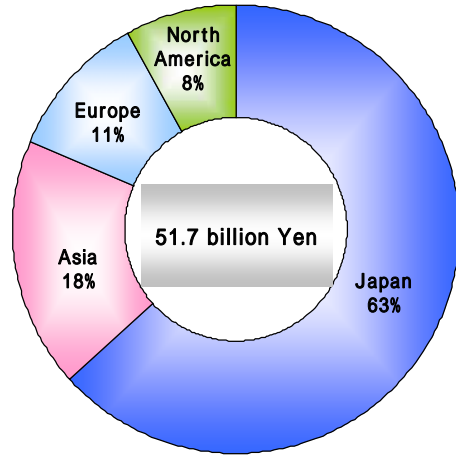
Construction-related

Revenue fell in our construction-related business, due to sluggish demand.

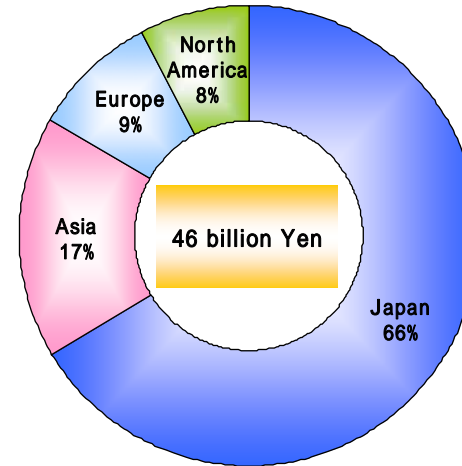
Geographical Segment Information(Consolidated)

Net sales

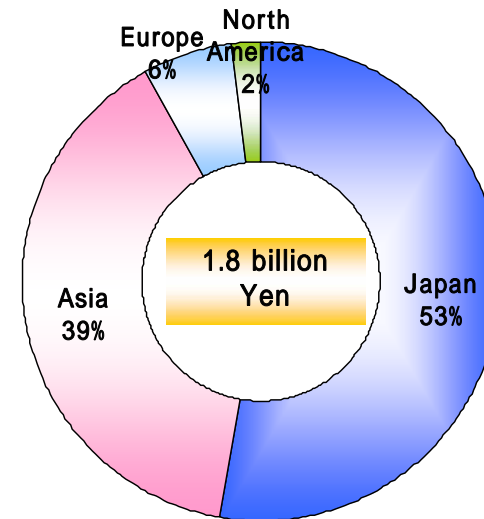
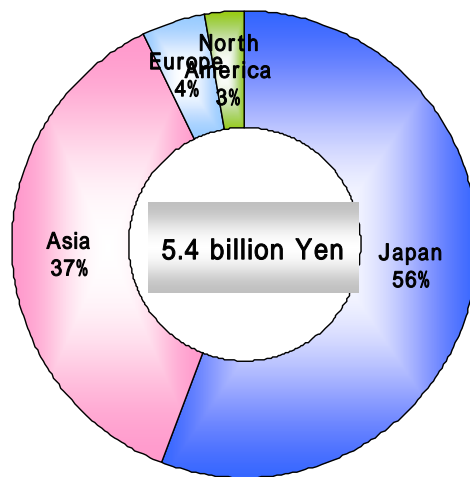
2007.9



2008.9



Operating income



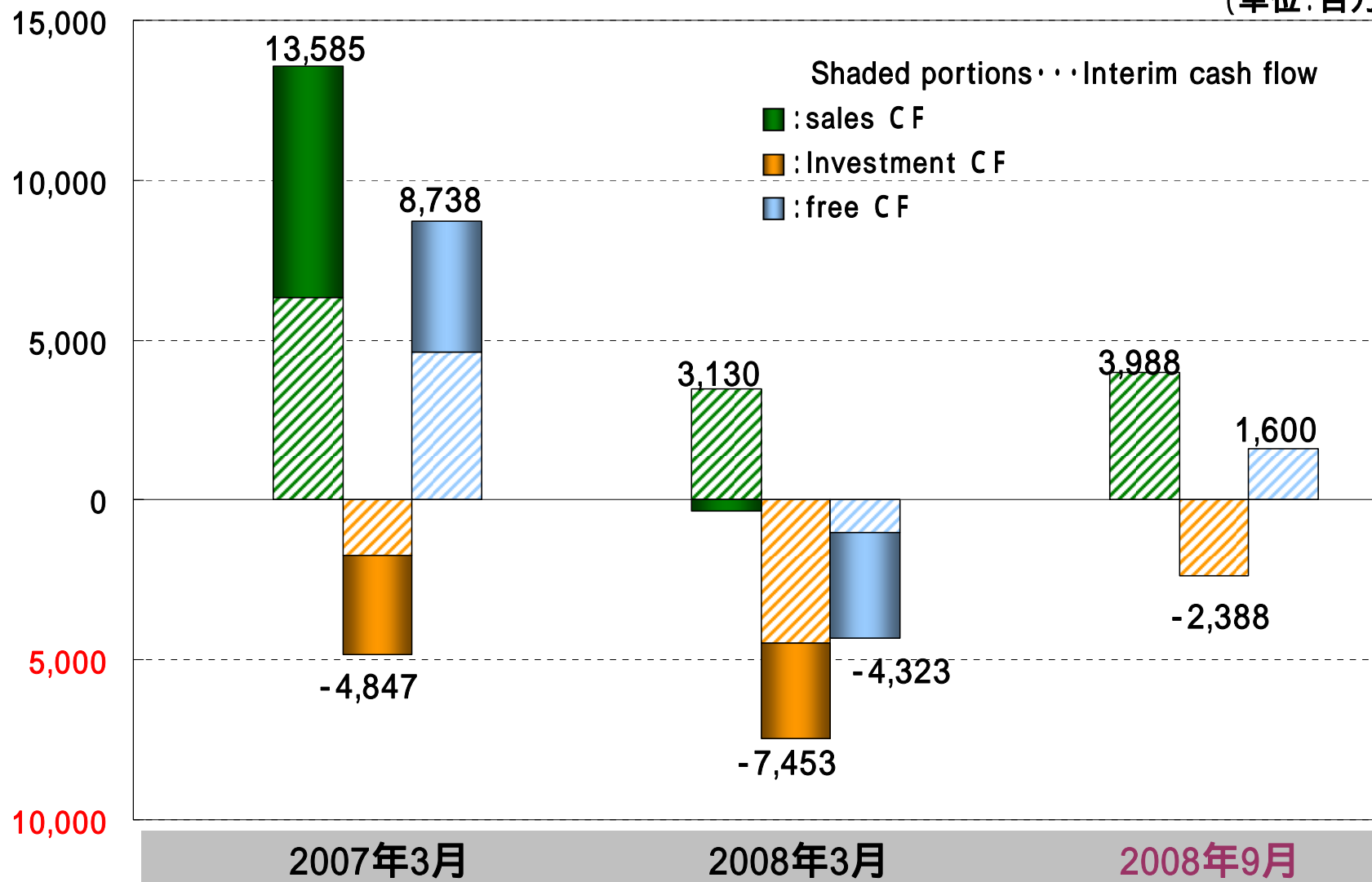
Statements of Income (Consolidated)

【Unit: millions of yen】

| | | 2007.9 | 2008.9 | Increase / (Decrease) |
|---|--|----------------|---------------|--------------------------|
| Current assets | Cash and time deposits | 26,553 | 23,032 | 151 |
| | Notes and accounts receivable- trade | 30,974 | 27,099 | (3,704) |
| | Inventories | 11,414 | 12,271 | 605 |
| | Others | 3,529 | 3,859 | (645) |
| | Total | 72,472 | 66,263 | (3,593) |
| Fixed assets | Fixed Assets | 30,416 | 27,889 | (1,005) |
| | Intangible fixed assets | 289 | 230 | (59) |
| | Others | 3,568 | 4,857 | 509 |
| | Total | 34,274 | 32,977 | (555) |
| Total assets | | 106,746 | 99,240 | (4,148) |
| Current liabilities | Notes and accounts payable- trade | 24,770 | 19,698 | (897) |
| | Short-term bank borrowings | 1,485 | 2,667 | (178) |
| | Others | 7,110 | 3,925 | (2,220) |
| | Total | 33,366 | 26,292 | (3,296) |
| Fixed Liabilities | Long-term debt | 1,679 | 617 | (531) |
| | Allowance for severance and retirement benefits | 1,244 | 1,381 | 53 |
| | Others | 375 | 418 | (2) |
| | Total | 3,299 | 2,417 | (479) |
| Total liabilities | | 36,666 | 28,709 | (3,775) |
| Total net assets | | 70,080 | 70,530 | (371) |
| Total liabilities and net assets | | 106,746 | 99,240 | (4,148) |

Free Cash Flows (Consolidated)

(単位:百万円)



Performance Forecasts for the Year Ending March 2009

| | Consolidated | |
|-------------------------------|-----------------|----------|
| | millions of yen | % change |
| Net sales | 94,000 | (11.2) |
| Operating income | 4,000 | (57.8) |
| Ordinary income | 4,000 | (57.0) |
| Net income | 2,400 | (55.7) |
| Net income per share (in yen) | 29.52 | (37.12) |
| Dividends per share (in yen) | 15.00 | |