



Consolidated Financial Summary (Japanese Accounting Standards)
(For the six months ended September 30, 2016)

October 27, 2016

Listed company: Shin-Etsu Polymer Co., Ltd.

Listing Code: No. 7970 (URL <http://www.shinpoly.co.jp/>)
 Listing Stock Exchange: Tokyo
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Scheduled date to submit the Quarterly Securities Report: November 10, 2016
 Scheduled date of dividend payout: November 28, 2016
 Supplementary documents for quarterly results: Yes
 Quarterly results briefing: Yes (for analysts)

(Amounts under a million yen are truncated.)

1. Consolidated Financial Highlights for the First Half of the Fiscal Year Ending March 31, 2017
(April 1, 2016 to September 30, 2016)

(1) Consolidated Financial Results (The percentages indicate the rates of increase or decrease compared with the preceding first half.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
April – September 30, 2016	36,531	(1.9)	3,328	74.7	2,898	32.9	2,186	48.1
April – September 30, 2015	37,233	6.8	1,904	54.4	2,181	52.3	1,475	46.3

(Note) Comprehensive income: September 30, 2016: -¥2,194 million (-%); September 30, 2015: ¥768 million (-%)

	Net income per share (Basic)		Net income per share (Diluted)	
	Yen		Yen	
April – September 30, 2016	26.69		26.65	
April – September 30, 2015	18.07		18.01	

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
Six months ended September 30, 2016	89,849	68,769	76.5
Year ended March 31, 2016	92,845	71,253	76.7

(Reference) Equity capital: September 30, 2016: ¥68,707 million; March 31, 2016: ¥71,237 million

2. Dividends

	Dividend per share				
	First quarter	Second quarter	Third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
March 2016	–	4.50	–	4.50	9.00
March 2017	–	6.00			
March 2017 (forecast)			–	6.00	12.00

(Note) Revisions to dividend forecasts published most recently: No

3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2017 (April 1, 2016 to March 31, 2017)

(The percentages indicate the year-on-year change.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share (Basic)	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen	
Full year	76,000	1.3	5,300	29.2	5,000	10.3	3,400	7.9	41.53	

(Note) Revisions to financial forecasts published most recently: No

* Notes

- (1) Any changes in important subsidiaries during the six months ended September 30, 2016: None
(Any changes in specific subsidiaries accompanied by a change in the scope of consolidating):
Newly added: None Eliminated: None
- (2) Adoption of accounting treatment unique to the preparation of quarterly consolidated financial statements: None
- (3) Any changes in accounting policies and changes or restatement of accounting estimates
- | | |
|---|------|
| 1. Changes in accounting policies associated with the revision of accounting standards, etc.: | Yes |
| 2. Changes in accounting policies other than the above: | None |
| 3. Changes in accounting estimates: | None |
| 4. Restatement: | None |
- (4) Number of shares issued (common stock)
- | | | |
|--|----------------|-------------------|
| 1. Number of shares issued as of the term end (including treasury shares): | September 2016 | 82,623,376 shares |
| | March 2016 | 82,623,376 shares |
| 2. Number of treasury shares as of the term end: | September 2016 | 676,262 shares |
| | March 2016 | 752,082 shares |
| 3. Average number of shares during the term: | September 2016 | 81,907,577 shares |
| | September 2015 | 81,681,061 shares |

Status of a quarterly review

This financial summary does not need to undergo a quarterly review under the Financial Instruments and Exchange Act. Procedures for a quarterly review of the consolidated financial statements for the first half of the fiscal year ending March 31, 2017 are being followed at the time of the announcement of this financial summary.

Statement regarding the proper use of financial forecasts and other special remarks

(Note on forward-looking statements)

The forward-looking statements, such as results forecasts, included in this document are based on information currently available to the Company and certain assumptions considered reasonable, and the Company makes no representations as to their achievability. Actual results may differ materially, depending on a range of factors.

(How to obtain details of the quarterly results briefing)

The Company plans to hold an analysts meeting on November 8 (Tuesday), 2016. Results briefing materials to be delivered at the meeting will be posted on the website of the Company immediately after the meeting is held.

Accompanying Materials – Contents

1. Qualitative Information on Consolidated Results, etc. for the Six-Month Period Ended September 30, 2016.....	2
(1) Qualitative Information on Consolidated Results.....	2
(2) Explanation of Information on Future Forecasts Such as Consolidated Financial Forecasts	3
2 Consolidated Financial Statements	4
(1) Consolidated Balance Sheet.....	4
(2) Consolidated Statements of Income and Consolidated Statement of Comprehensive Income.....	6
(3) Consolidated Statement of Cash Flows	8
(4) Explanatory Notes to Consolidated Financial Statements	9
(Notes on the Premise of a Going Concern)	9
(Notes on Significant Changes in Shareholders' Equity (if any)).....	9
(Segment Information).....	9

1. Qualitative Information on Consolidated Results, etc. for the Six-Month Period Ended September 30, 2016

(1) Qualitative Information on the Consolidated Results

Looking at the global economy in the six-month period ended September 30, 2016, business confidence remained strong in the United States, primarily against a backdrop of improved personal consumption. A recovery was also seen in the eurozone economy, despite the turmoil in the financial markets caused by Brexit. In Asia, signs of a recovery appeared in the economies of ASEAN nations, while the Chinese economy continued to decelerate. Although labor and income conditions were strong in Japan, the pace of economic recovery dulled, as improvements in corporate earnings stalled on the progressive rise of the yen from the beginning of the year.

Looking at the business environment of the Group, stable production was maintained on a global basis, despite the temporary suspension of the automobile production in Japan, and demand in sectors related to semiconductors remained strong.

In this operating environment, the Group continued its sales activities with a focus on continued commercialization of mainstay growth products and new products in Japan and abroad. It moved forward aggressively with capital investments to achieve goals such as production capacity enhancement and improvements in productivity and quality. In April 2016, the Company established Development Unit and Production Unit and clearly defined their functions and responsibilities. Together with Sales Unit, they form the three pillars of the Company's efforts to swiftly respond to changes in the business environment.

As a result, consolidated net sales during the six-month period ended September 30, 2016 decreased 1.9% year on year, to ¥36,531 million, operating income rose 74.7% year on year, to ¥3,328 million, ordinary income grew 32.9% year on year, to ¥2,898 million, and profit attributable to owners of parent was up 48.1%, to ¥2,186 million.

Consolidated operating results by segment are as follows:

1) Electronic Devices segment

In the Electronic Devices segment, shipments of mainly products of automotive input devices remained strong. Overall sales fell below the level a year ago due to the effects of a strong yen, however, income grew year on year.

In input devices, shipments of automotive key switches and capacitive touch switches remained steady, following the expansion in the types of car-mounted electronic switches used in automobiles and the increase in the types of automobiles mounting the switches. Shipments of slim notebook personal computer touchpads decreased, mainly reflecting the stagnant personal computer market. As for display-related devices, shipments of LCD connectors for marketing overseas were sluggish. In component-related products, growth in shipments of electronic-part testing connectors levelled off, due largely to adjustments in the production of smartphones.

As a result, segment sales amounted to ¥9,369 million, down 7.0% year on year, and segment operating income was ¥798 million, up 9.8% year on year.

2) Precision Molding Products segment

In the Precision Molding Products segment, overall sales increased from a year ago and income rose significantly, thanks to strong shipments of semiconductor-related components.

Shipments of semiconductor-related containers, the mainly products for 300 mm wafers, remained strong on the back of the high level of demand in the semiconductor industry. Growth in shipments of components for office automation equipment moderated, reflecting slower growth in shipments for key users and the effects of a stronger yen. Demand for carrier tape-related products for automobile-mounted electronic devices was strong, while shipment of products for minute components such as ceramic condensers for smartphones were stagnant.

The level of shipments of silicone rubber molded products remained steady for mainstay items such as products for medical equipment and building materials.

As a result, segment sales amounted to ¥15,466 million, up 2.3% year on year, and segment operating income was ¥2,367 million, up 68.5% year on year.

3) Housing & Living Materials segment

Income improved in the Housing & Living Materials segment, although overall sales were slightly below the level a year ago, reflecting sluggish demand for PVC-related products and the price competition in the Japanese market.

With regard to shipments of packing materials such as wrapping films, shipments to food supermarkets recovered, while shipment to food services decreased. As a result, sales were on par with the level a year ago. Sales of PVC pipes and related products continued to face difficulties in securing sufficient orders due to the slowdown in the number of housing starts. Shipments of plastic compounds remained unstable, mainly reflecting the impact of the successive suspension of automobile production lines in Japan. Shipments of exterior materials decreased compared to a year ago, reflecting the decline in sales associated with the withdrawal from the resin siding business, which was not offset by the demand related to restoration and reconstruction in the aftermath of disasters in Kyushu and other regions.

This resulted in segment sales of ¥8,461 million, down 5.6% year on year, and segment operating income of ¥17 million, compared with a loss of ¥321 million in the first half of the previous year.

4) Others segment

Sales in the Others segment were firm, with orders received for new construction and renovation of commercial facilities, particularly in Tokyo and neighboring areas.

This resulted in segment sales of ¥3,234 million, up 5.3% year on year, and segment operating income of ¥145 million, up 53.7% year on year.

(2) Explanation of Information on Future Forecasts Such as Consolidated Financial Forecasts

Consolidated financial forecasts for the fiscal year ending March 31, 2017 published on July 25, 2016 remain unchanged.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Million yen)

	Year ended March 31, 2016 (As of March 31, 2016)	Six months ended September 30, 2016
Assets		
Current assets		
Cash and deposits	38,725	36,752
Notes and accounts receivable—trade	17,037	17,644
Merchandise and finished goods	5,591	4,958
Work in process	1,500	1,188
Raw materials and supplies	2,276	2,241
Accounts receivable—other	1,206	827
Deferred tax assets	992	1,002
Other	3,018	3,375
Allowance for doubtful accounts	(394)	(376)
Total current assets	69,953	67,614
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,224	6,498
Machinery, equipment and vehicles, net	4,700	4,391
Land	6,415	6,375
Construction in progress	1,457	933
Other, net	972	1,069
Total property, plant and equipment	19,771	19,268
Intangible assets		
Software	298	274
Other	113	107
Total intangible assets	412	381
Investments and other assets		
Investment securities	1,265	1,272
Deferred tax assets	413	345
Other	1,029	967
Total investments and other assets	2,708	2,585
Total non-current assets	22,892	22,235
Total assets	92,845	89,849

Shin-Etsu Polymer Co., Ltd. (7970) Financial Summary (For the six months ended September 30, 2016)

(Million yen)

	Year ended March 31, 2016 (As of March 31, 2016)	Six months ended September 30, 2016
Liabilities		
Current liabilities		
Notes and accounts payable—trade	12,621	11,947
Short-term loans payable	0	0
Accounts payable—other	2,713	2,447
Income taxes payable	603	776
Accrued expenses	2,026	2,334
Provision for bonuses	1,134	1,210
Provision for directors' bonuses	42	19
Other	893	798
Total current liabilities	20,035	19,534
Non-current liabilities		
Long-term loans payable	0	0
Net defined benefit liability	1,327	1,229
Other	228	316
Total non-current liabilities	1,556	1,545
Total liabilities	21,592	21,080
Net assets		
Shareholders' equity		
Capital stock	11,635	11,635
Capital surplus	10,718	10,718
Retained earnings	48,667	50,465
Treasury stock	(528)	(475)
Total shareholders' equity	70,493	72,344
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities	305	286
Foreign currency translation adjustment	449	(3,914)
Remeasurements of defined benefit plans	(11)	(9)
Total other accumulated comprehensive income	743	(3,636)
Subscription rights to shares	15	61
Total net assets	71,253	68,769
Total liabilities and net assets	92,845	89,849

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

Consolidated Statements of Income

Six months ended September 30

(Million yen)

	Six months ended September 30, 2015 (April 1, 2015 to September 30, 2015)	Six months ended September 30, 2016 (April 1, 2016 to September 30, 2016)
Net sales	37,233	36,531
Cost of sales	27,005	24,733
Gross profit	10,227	11,798
Selling, general and administrative expenses	8,322	8,470
Operating income	1,904	3,328
Non-operating income		
Interest income	127	104
Foreign exchange gains	223	—
Other	95	50
Total non-operating income	446	154
Non-operating expenses		
Foreign exchange losses	—	554
Other	170	30
Total non-operating expenses	170	584
Ordinary income	2,181	2,898
Extraordinary loss		
Impairment loss	53	—
Total extraordinary losses	53	—
Income before income taxes and minority interests	2,128	2,898
Income taxes—current	676	744
Income taxes—deferred	(21)	(32)
Total income taxes	654	711
Net income	1,473	2,186
Profit (loss) attributable to non-controlling interests	(2)	—
Profit attributable to owners of parent	1,475	2,186

Consolidated Statement of Comprehensive Income

Six months ended September 30

(Million yen)

	Six months ended September 30, 2015 (April 1, 2015 to September 30, 2015)	Six months ended September 30, 2016 (April 1, 2016 to September 30, 2016)
Net income	1,473	2,186
Other comprehensive income		
Valuation difference on available-for-sale securities	(99)	(18)
Foreign currency translation adjustment	(599)	(4,363)
Remeasurements of defined benefit plans	(5)	1
Total other comprehensive income	(705)	(4,380)
Comprehensive income	768	(2,194)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	754	(2,194)
Comprehensive income attributable to non-controlling interests	13	—

(3) Consolidated Statement of Cash Flows

(Million yen)

	Six months ended September 30, 2015 (April 1, 2015 to September 30, 2015)	Six months ended September 30, 2016 (April 1, 2016 to September 30, 2016)
Net cash provided by (used in) operating activities		
Income before income taxes and minority interests	2,128	2,898
Depreciation and amortization	1,577	1,301
Impairment loss	53	–
Interest and dividend income	(140)	(117)
Foreign exchange losses (gains)	(137)	328
Decrease (increase) in notes and accounts receivable-trade	241	(2,164)
Decrease (increase) in inventories	(0)	408
Increase (decrease) in notes and accounts payable-trade	(1,073)	310
Increase (decrease) in net defined benefit liability	2	(90)
Decrease (increase) in consumption taxes receivable/payable	80	277
Other, net	460	525
Subtotal	3,192	3,676
Interest and dividends income received	164	122
Interest expenses paid	(13)	(12)
Repayment (payment) of corporate taxes	(201)	(517)
Net cash provided by (used in) operating activities	3,141	3,269
Net cash provided by (used in) investing activities		
Decrease (increase) in time deposits	89	85
Purchase of property, plant and equipment	(1,399)	(1,910)
Other, net	45	(87)
Net cash provided by (used in) investing activities	(1,264)	(1,911)
Net cash provided by (used in) financing activities		
Cash dividends paid	(366)	(367)
Payments from changes in ownership interests in subsidiaries that do not result in change in scope of consolidation	–	(30)
Other, net	72	32
Net cash provided by (used in) financing activities	(293)	(366)
Effect of exchange rate change on cash and cash equivalents	(271)	(2,742)
Net increase (decrease) in cash and cash equivalents	1,312	(1,751)
Cash and cash equivalents at beginning of period	34,823	35,377
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	166	–
Cash and cash equivalents at end of period	36,301	33,626

(4) Explanatory Notes to Consolidated Financial Statements

(Notes on the Premise of a Going Concern)

Not applicable

(Notes on Significant Changes in Shareholders' Equity (if any))

Not applicable

(Segment Information)

Six months ended September 30, 2015 (April 1, 2015 to September 30, 2015)

1. Information on net sales and profits or losses by reported segment

(Million yen)

	Reported segments				Others (Note)	Total
	Electronic Devices	Precision Molding Products	Housing & Living Materials	Sub-total		
Net sales						
Sales to outside customers	10,077	15,115	8,967	34,160	3,072	37,233
Inter-segment sales or transfers	–	–	–	–	–	–
Total	10,077	15,115	8,967	34,160	3,072	37,233
Segment profit (loss)	727	1,404	(321)	1,810	94	1,904

(Note) "Others" is a business segment that is not included in the reported segments and includes the constructing business, etc.

Six months ended September 30, 2016 (April 1, 2016 to September 30, 2016)

1. Information on net sales and profits or losses by reported segment

(Million yen)

	Reported segments				Others (Note)	Total
	Electronic Devices	Precision Molding Products	Housing & Living Materials	Sub-total		
Net sales						
Sales to outside customers	9,369	15,466	8,461	33,297	3,234	36,531
Inter-segment sales or transfers	–	–	–	–	–	–
Total	9,369	15,466	8,461	33,297	3,234	36,531
Segment profit (loss)	798	2,367	17	3,182	145	3,328

(Note) "Others" is a business segment that is not included in the reported segments and includes the constructing business, etc.

2. Matters relating to changes in reportable segments, etc.

(Changes to the method for calculating the profit or loss of reportable segments)

Effective as of the consolidated first quarter of the fiscal year under review, the Group switched from the method for calculating the items that have previously been disclosed as "adjustment amounts" to the method for allocating these items to each reportable segment.

Given this change, information related to the profit or loss for each reportable segment calculated according to the new categorization is presented for the first half of the prior consolidated fiscal year.