



**Consolidated Financial Summary (Japanese Accounting Standards)**  
**(For the first quarter ended June 30, 2016)**

July 25, 2016

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

Listing Code: No. 7970 (URL <http://www.shinpoly.co.jp/english/>)  
 Listing Stock Exchange: Tokyo  
 Representative: Yoshiaki Ono, Representative Director, President  
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Scheduled date to submit the Quarterly Securities Report: August 15, 2016  
 Scheduled date of dividend payout: —  
 Supplementary documents for quarterly results: None  
 Quarterly results briefing: None  
 (Amounts under a million yen are truncated.)

**1. Consolidated Financial Highlights for the First Quarter of the Fiscal Year Ending March 31, 2017**

(April 1, 2016 to June 30, 2016)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
April – June 30, 2016	17,937	(1.1)	1,645	118.5	1,196	3.9	827	5.8
April – June 30, 2015	18,140	4.9	753	5.1	1,152	58.0	782	72.7

(Note) Comprehensive income: June 30, 2016: -¥448 million (-%); June 30, 2015: -¥401 million (-%)

	Net income per share (Basic)		Net income per share (Diluted)	
	Yen		Yen	
April – June 30, 2016	10.10		10.08	
April – June 30, 2015	9.58		9.55	

**(2) Consolidated Financial Position**

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
Three months ended June 30, 2016	91,225	70,443	77.2
Year ended March 31, 2016	92,845	71,253	76.7

(Reference) Equity capital: June 30, 2016: ¥70,427 million; March 31, 2016: ¥71,237 million

**2. Dividends**

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

(Note) Revisions to dividend forecasts published most recently: Yes

Dividend forecasts for the fiscal year ending March 31, 2017 have previously been undisclosed due to difficulty in calculating financial forecasts for the same period. The completion of such financial forecasts on this occasion enabled the Company to announce the dividend forecasts as stated above.

**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	Yen
Interim	37,000	(0.6)	3,100	62.7	2,700	23.8	1,850	25.3	22.60	
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: Yes

Consolidated financial forecasts for the fiscal year ending March 31, 2017 have previously been undisclosed due to difficulty in undertaking reasonable estimations. The Company has announced the forecasts on this occasion as stated above in light of the recent business environment, performance, and other factors.

\* Notes

- (1) Any changes in important subsidiaries during the three months ended June 30, 2016 (any changes in specific subsidiaries accompanied by a change in the scope of consolidating): None  
Newly added: None (Company name: ) Eliminated: None (Company name: )
- (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): | June 2016  | 82,623,376 shares |
|  | March 2016 | 82,623,376 shares |
| 2. Number of treasury shares as of the term end:                           | June 2016  | 735,082 shares    |
|  | March 2016 | 752,082 shares    |
| 3. Average number of shares during the term:                               | June 2016  | 81,885,960 shares |
|  | June 2015  | 81,625,346 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 quarter 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

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. For the assumptions underlying these results forecast and notes, etc. on appropriate use of the results forecasts, please refer to "1. Qualitative Information on Consolidated Results, etc. for the First Quarter Ended June 30, 2016, (2) Explanation of Information on Future Forecasts Such as Consolidated Financial Forecasts" on page 3 of the accompanying materials.

Accompanying Materials – Contents

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1. Qualitative Information on Consolidated Results, etc. for the First Quarter Ended June 30, 2016

(1) Qualitative Information on the Consolidated Results

Looking at the global economy in the three-month period ended June 30, 2016, business confidence remained strong in the United States despite the decline in the growth in consumer spending. A gradual recovery was also seen in the European economy, even though there was turmoil in the financial markets caused by Brexit. Asian economies were affected by the declining economic growth in China and the ongoing economic slowing in the ASEAN countries. Although labor and income conditions remained strong in Japan, there was a heightened sense of uncertainty about economic recovery, reflecting a standstill in improvements in corporate earnings due to the progressive rise of the yen since the beginning of the year.

Looking at the business environment of the Group, stable production was maintained on a global basis, despite a temporary suspension of the automobile production lines 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 further commercialization of mainstay growth products and new products in Japan and abroad. It moved forward aggressively with capital investments to achieve goals such as capacity enhancement and improvements in productivity and quality. In April 2016, the Company split its Technology & Production Unit into Development Unit and Production Unit. The aim of this split was to pursue new business operations through the management of sales, development, and production in response to changes in the business environment.

As a result, consolidated net sales during the first quarter under review stood at ¥ 17,937 million (down 1.1 % year on year). Operating income amounted to ¥ 1,645 million (up 118.5 % year on year), ordinary income was ¥ 1,196 million (up 3.9 % year on year), and profit attributable to owners of parent stood at ¥ 827 million (up 5.8 % year on year).

Consolidated results by segment are as follows.

1) Electronic Devices segment

In the Electronic Devices segment, shipments of automotive input devices were strong. Income grew, although overall sales fell slightly below the level a year ago.

In input devices, shipments of automotive key switches and capacitive touch switches remained steady, following the increase in the number of car-mounted electronic switches used in automobiles and the rise in the installation ratio. Shipments of slim notebook personal computer touchpads decreased, mainly reflecting the stagnant personal computer market. As for display-related devices, demand for LCD connectors was sluggish. In component-related products, growth in the shipments of electronic-part testing connectors leveled off, due largely to adjustments in the production of smartphones.

As a result, segment sales amounted to ¥ 4,572 million (down 4.9 % year on year), and segment operating income was ¥ 248 million (up 23.6 % 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, mainly products for 300 mm wafers, maintained high levels on the back of strong demand in the semiconductor industry. Growth in the shipments of components for office automation equipment for key users leveled off. Demand for carrier tape-related products for automobile-mounted electronic devices was strong, while shipments 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 stood at ¥ 7,651 million (up 2.2 % year on year), and segment operating income was ¥ 1,217 million (up 66.0 % year on year).

### 3) Housing & Living Materials segment

Overall sales in the Housing & Living Materials segment were on par with the level from a year ago, reflecting sluggish domestic demand for PVC-related products and price competition.

With regard to shipments of packing materials such as wrapping films, shipments to food supermarkets recovered slightly, while shipments to the food service industry were flat. Sales of PVC pipes and related products continued to face difficulties in securing a sufficient amount of 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. Faced with severe price competition, shipments of exterior materials remained flat compared to a year ago, a fact that was primarily attributable to ensuing reconstruction demand following the Kumamoto Earthquake.

As a result segment sales stood at ¥ 4,145 million (down 4.0 % year on year), and segment operating income was ¥ 54 million (compared with an operating loss of ¥231 million for the same quarter a year ago.)

### 4) Others segment

Sales in the Others segment were flat compared to a year ago, with the orders received for new construction and renovation of commercial facilities, particularly in Tokyo and neighboring areas. The Others segment includes the development of new businesses.

As a result, segment sales stood at ¥ 1,566 million (up 2.9 % year on year), and segment operating income was ¥ 124 million (up 147.2 % year on year).

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

With respect to the future business environment, the US economy is expected to remain firm, but there are concerns about the global economy, reflecting the economic slowdown in China and other emerging countries, sluggish economic conditions in the ASEAN countries, and the economic instability in Europe stemming from Brexit. Meanwhile, although an economic recovery is expected in Japan thanks to improvements in labor and income conditions, the economic situation remains unpredictable due the moderation of growth in corporate earnings and consumer spending caused by factors such as the further appreciation of the yen and falling stock prices.

In these circumstances, the Group will continue to promote its sales activities, focusing on the increased commercialization of mainstay growth products and new products in Japan and abroad. It will also move forward with the efficient management of its business in response to changes in the business environment.

The consolidated results for the fiscal year under review are expected to include sales of ¥ 76 billion, operating income of ¥ 5.3 billion, ordinary income of ¥ 5.0 billion, and profit attributable to owners of parent of ¥ 3.4 billion. The annual dividend is expected to be ¥ 12 per share (an interim dividend of ¥ 6 and a year-end dividend of ¥ 6), an increase of ¥ 3 compared to the previous fiscal year.

The Company's consolidated financial forecasts and dividend forecast are disclosed in the "Notice of Forecast Earnings and Dividends" that was announced on July 25, 2016.

## 2. Consolidated Financial Statements

## (1) Consolidated Balance Sheet

(Million yen)

	Year ended March 31, 2016	First quarter ended June 30, 2016
<b>Assets</b>		
Current assets		
Cash and deposits	38,725	37,613
Notes and accounts receivable—trade	17,037	16,741
Merchandise and finished goods	5,591	5,416
Work in process	1,500	1,319
Raw materials and supplies	2,276	2,453
Accounts receivable—other	1,206	994
Deferred tax assets	992	798
Other	3,018	3,484
Allowance for doubtful accounts	(394)	(393)
Total current assets	69,953	68,428
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,224	6,088
Machinery, equipment and vehicles, net	4,700	4,697
Land	6,415	6,417
Construction in progress	1,457	1,466
Other, net	972	1,038
Total property, plant and equipment	19,771	19,709
Intangible assets		
Software	298	305
Other	113	109
Total intangible assets	412	415
Investments and other assets		
Investment securities	1,265	1,117
Deferred tax assets	413	558
Other	1,029	996
Total investments and other assets	2,708	2,672
Total non-current assets	22,892	22,796
Total assets	92,845	91,225

## Shin-Etsu Polymer Co., Ltd. (7970) Financial Summary (For the first quarter ended June 30, 2016)

(Million yen)

	Year ended March 31, 2016	First quarter ended June 30, 2016
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable—trade	12,621	12,006
Short-term loans payable	0	0
Accounts payable—other	2,713	2,491
Income taxes payable	603	568
Accrued expenses	2,026	2,362
Provision for bonuses	1,134	702
Provision for directors' bonuses	42	9
Other	893	1,080
<b>Total current liabilities</b>	<b>20,035</b>	<b>19,222</b>
Non-current liabilities		
Long-term loans payable	0	0
Provision for retirement benefits	1,327	1,343
Other	228	215
<b>Total non-current liabilities</b>	<b>1,556</b>	<b>1,559</b>
<b>Total liabilities</b>	<b>21,592</b>	<b>20,782</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	11,635	11,635
Capital surplus	10,718	10,718
Retained earnings	48,667	49,121
Treasury stock	(528)	(516)
<b>Total shareholders' equity</b>	<b>70,493</b>	<b>70,959</b>
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities	305	204
Foreign currency translation adjustment	449	(726)
Remeasurements of defined benefit plans	(11)	(10)
<b>Total other accumulated comprehensive income</b>	<b>743</b>	<b>(531)</b>
Subscription rights to shares	15	15
<b>Total net assets</b>	<b>71,253</b>	<b>70,443</b>
<b>Total liabilities and net assets</b>	<b>92,845</b>	<b>91,225</b>

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

## Consolidated Statements of Income

Three months ended June 30

(Million yen)

	First quarter ended June 30, 2015 (April 1, 2015 to June 30, 2015)	First quarter ended June 30, 2016 (April 1, 2016 to June 30, 2016)
Net sales	18,140	17,937
Cost of sales	13,228	12,148
Gross profit	4,912	5,788
Selling, general and administrative expenses	4,159	4,142
Operating income	753	1,645
Non-operating income		
Interest income	64	52
Foreign exchange gains	266	–
Other	76	32
Total non-operating income	407	84
Non-operating expenses		
Foreign exchange losses	–	521
Other	8	11
Total non-operating expenses	8	533
Ordinary income	1,152	1,196
Income before income taxes	1,152	1,196
Income taxes—current	275	331
Income taxes—deferred	98	37
Total income taxes	373	369
Net income	778	827
Profit (loss) attributable to non-controlling interests	(3)	–
Profit attributable to owners of parent	782	827



## Consolidated Statement of Comprehensive Income

Three months ended June 30

(Million yen)

	First quarter ended June 30, 2015 (April 1, 2015 to June 30, 2015)	First quarter ended June 30, 2016 (April 1, 2016 to June 30, 2016)
Net income	778	827
Other comprehensive income		
Valuation difference on available-for-sale securities	(1)	(101)
Foreign currency translation adjustment	(1,176)	(1,175)
Remeasurements of defined benefit plans	(2)	0
Total other comprehensive income	(1,180)	(1,275)
Comprehensive income	(401)	(448)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	(398)	(448)
Comprehensive income attributable to non-controlling interests	(3)	—

## (3) Explanatory Notes to Consolidated Financial Statements

(Notes on the Premise of a Going Concern)

Not applicable

(Notes on Significant Changes in Shareholders' Equity)

Not applicable

(Segment Information)

Three months ended June 30, 2015 (April 1, 2015 to June 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	4,810	7,488	4,319	16,618	1,522	18,140
Inter-segment sales or transfers	–	–	–	–	–	–
Total	4,810	7,488	4,319	16,618	1,522	18,140
Segment profit (loss) (Operating income (loss))	200	733	(231)	702	50	753

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

Three months ended June 30, 2016 (April 1, 2016 to June 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	4,572	7,651	4,145	16,370	1,566	17,937
Inter-segment sales or transfers	–	–	–	–	–	–
Total	4,572	7,651	4,145	16,370	1,566	17,937
Segment profit (Operating income)	248	1,217	54	1,520	124	1,645

(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 quarter of the prior consolidated fiscal year.

