



Consolidated Financial Summary (Japanese Accounting Standards)
(For the nine months ended December 31, 2015)

January 27, 2016

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

Listing Code: No. 7970 (URL <http://www.shinpoly.co.jp/>)
 Listing Stock Exchange: Tokyo
 Representative: Yoshiaki Ono, Representative Director, President
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Scheduled date to submit the Quarterly Securities Report: February 10, 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 Nine Months of the Fiscal Year Ending March 31, 2016
(April 1, 2015 to December 31, 2015)

(1) Consolidated Financial Results (The percentages indicate the year-on-year change.)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
April – December 31, 2015	56,948	7.1	2,907	57.8	3,496	54.0	2,347	48.5
April – December 31, 2014	53,149	7.6	1,842	122.3	2,271	81.4	1,580	176.6

(Note) Comprehensive income: December 31, 2015: -¥395 million (-%); December 31, 2014: ¥2,247 million (-35.0%)

	Net income per share (Basic)		Net income per share (Diluted)	
	Yen	Yen	Yen	Yen
April – December 31, 2015	28.73		28.64	
April – December 31, 2014	19.43		19.38	

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
Nine months ended December 31, 2015	95,339	70,616	74.1
Year ended March 31, 2015	93,889	72,250	76.0

(Reference) Equity capital: December 31, 2015: ¥70,599 million; March 31, 2015: ¥71,355 million

2. Dividends

	Dividend per share				
	First quarter	Second quarter	Third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
March 2015	–	4.50	–	4.50	9.00
March 2016	–	4.50	–		
March 2016 (forecast)				4.50	9.00

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

3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2016 (April 1, 2015 to March 31, 2016)

(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
Full year	73,000	1.8	3,400	52.4	3,800	32.6	2,500	40.6	30.64	

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

* Notes

- (1) Any changes in important subsidiaries during the nine months ended December 31, 2015
(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): | December 2015 | 82,623,376 shares |
| | March 2015 | 82,623,376 shares |
| 2. Number of treasury shares as of the term end: | December 2015 | 786,802 shares |
| | March 2015 | 1,041,774 shares |
| 3. Average number of shares during the term: | December 2015 | 81,722,865 shares |
| | December 2014 | 81,318,114 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 nine months of the fiscal year ending March 31, 2016 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 information on results forecasts, please refer to “1. Qualitative Information on Consolidated Results, etc. for the Nine-Month Period Ended December 31, 2015, (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 Nine-Month Period Ended December 31, 2015

(1) Qualitative Information on the Consolidated Results

The moderate recovery of the global economy continued during the nine-month period ended December 31, 2015. Despite the slowdown of economic growth in China and the slowing economy in the ASEAN countries, a gradual economic recovery was seen in Europe, while there were signs of consumer spending and housing investment picking up in the US. The Japanese economy also continued to stage a gradual recovery, backed by the continued improvement in corporate earnings and strong consumer spending in the face of negative factors such as the higher cost of imports due to the weaker yen.

Looking at the business environment of the Group, demand in the automotive sector and in industries related to semiconductors and office automation equipment remained strong.

In this operating environment, the Group continued sales activities that sought to expand the sales of growth products in Japan and overseas. In terms of production, the Group made capital investments aimed at enhancing capacity and improving production efficiency and quality.

As a result, consolidated net sales during the nine-month period ended December 31, 2015 increased 7.1% year on year, to ¥56,948 million, operating income rose 57.8% year on year, to ¥2,907 million, ordinary income grew 54.0% year on year, to ¥3,496 million, and profit attributable to owners of parent was up 48.5%, to ¥2,347 million.

Consolidated operating results by segment are as follows:

1) Electronic Devices segment

In the Electronic Devices segment, overall sales increased from a year ago, reflecting continued strength in shipments, particularly of automotive input devices. Income also grew.

In input devices, shipments of automotive key switches and captive touch switches remained steady following an increase in the number of car-mounted devices used in automobiles. In regards to slim notebook personal computer touchpads, shipments of new models remained solid. As for display-related devices, shipments of View control films (VC-Film) for automobiles increased, and shipments of LCD connectors remained strong. In component-related products, shipments of semiconductor testing connectors were firm.

As a result, segment sales amounted to ¥15,082 million, up 10.7% year on year, and segment operating income was ¥1,179 million, up 33.2% year on year.

2) Precision Molding Products segment

Overall sales in the Precision Molding Products segment increased year on year as a result of an increase in shipments of semiconductor-related containers and carrier tape-related products. Income also grew.

In semiconductor-related containers, shipments of mainstay products for 300 mm wafers remained firm, driven by the strong demand in the semiconductor industry. Sales of components for office automation equipment were solid, reflecting a recovery in shipments of products for key users. In the area of carrier tape-related products, robust demand for products for smartphones and automobile-mounted electronic devices continued. This was especially evident with the growth in shipments of products for minute components such as ceramic condensers. In silicone rubber molded products, shipments of core products such as products for medical equipment and building materials were stable.

As a result, segment sales amounted to ¥23,057 million, up 7.8% year on year, and segment operating income was ¥2,289 million, up 38.7% year on year.

3) Housing & Living Materials segment

Overall sales in the Housing & Living Materials segment remained at the same level as the previous year, reflecting stagnant demand in related markets and intensifying price competition.

In regards to shipments of packing materials such as wrapping films, shipments to food supermarkets grew at a sluggish pace, but shipments to the food services industry remained strong. While the start of a recovery was seen in housing, the sales of PVC pipes continued to face difficult conditions. Shipments of plastic compounds for automobiles remained stable, but shipments of plastic compounds for electric cables were sluggish.

As a result, segment sales totaled ¥13,926 million (down 0.3% year on year), and segment operating loss was ¥210 million (compared with a loss of ¥609 million posted for the same period of the previous fiscal year).

4) Others segment

Overall sales in the Others segment increased, reflecting a rise in orders received for new construction and the renovation of commercial facilities, particularly in Tokyo and neighboring areas.

New business development-related expenses which does not belong to other reported segments are included in the Others segment.

As a result, segment sales amounted to ¥4,882 million (up 17.0% year on year), and segment operating loss was ¥370 million (compared with a loss of ¥48 million posted for the same period of the previous fiscal year).

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

Consolidated financial forecasts for the fiscal year ending March 31, 2016 published on July 22, 2015 remain unchanged.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(Million yen)

	Year ended March 31, 2015 (As of March 31, 2015)	Nine months ended December 31, 2015
Assets		
Current assets		
Cash and deposits	37,333	38,543
Notes and accounts receivable—trade	19,050	19,002
Merchandise and finished goods	5,801	5,540
Work in process	1,349	1,412
Raw materials and supplies	2,297	2,263
Accounts receivable—other	1,293	1,021
Deferred tax assets	1,054	987
Other	1,906	3,658
Allowance for doubtful accounts	(423)	(453)
Total current assets	69,663	71,976
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,863	6,149
Machinery, equipment and vehicles, net	5,575	5,070
Land	6,544	6,403
Construction in progress	691	1,465
Other, net	1,019	1,050
Total property, plant and equipment	20,693	20,139
Intangible assets		
Software	383	324
Other	146	116
Total intangible assets	530	441
Investments and other assets		
Investment securities	1,551	1,437
Deferred tax assets	322	318
Other	1,127	1,025
Total investments and other assets	3,001	2,782
Total non-current assets	24,225	23,363
Total assets	93,889	95,339

Shin-Etsu Polymer Co., Ltd. (7970) Financial Summary (For the nine months ended December 31, 2015)

(Million yen)

	Year ended March 31, 2015 (As of March 31, 2015)	Nine months ended December 31, 2015
Liabilities		
Current liabilities		
Notes and accounts payable—trade	13,338	14,795
Short-term loans payable	0	0
Accounts payable—other	2,493	2,881
Income taxes payable	229	840
Accrued expenses	1,768	2,542
Provision for bonuses	1,094	664
Provision for directors' bonuses	42	29
Other	896	1,188
Total current liabilities	19,864	22,944
Non-current liabilities		
Long-term loans payable	1	0
Provision for retirement benefits	1,331	1,328
Other	441	448
Total non-current liabilities	1,774	1,778
Total liabilities	21,638	24,722
Net assets		
Shareholders' equity		
Capital stock	11,635	11,635
Capital surplus	10,469	10,718
Retained earnings	46,321	47,872
Treasury stock	(731)	(552)
Total shareholders' equity	67,694	69,674
Other accumulated comprehensive income		
Valuation difference on available-for-sale securities	441	419
Foreign currency translation adjustment	3,200	496
Remeasurements of defined benefit plans	18	9
Total other accumulated comprehensive income	3,660	925
Subscription rights to shares	58	17
Non-controlling interests	836	—
Total net assets	72,250	70,616
Total liabilities and net assets	93,889	95,339

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

Consolidated Statements of Income

Nine months ended December 31

(Million yen)

	Nine months ended December 31, 2014 (April 1, 2014 to December 31, 2014)	Nine months ended December 31, 2015 (April 1, 2015 to December 31, 2015)
Net sales	53,149	56,948
Cost of sales	39,128	41,339
Gross profit	14,021	15,609
Selling, general and administrative expenses	12,178	12,701
Operating income	1,842	2,907
Non-operating income		
Interest income	190	184
Foreign exchange gains	490	641
Other	55	138
Total non-operating income	736	964
Non-operating expenses		
Loss on retirement of non-current assets	282	353
Other	25	21
Total non-operating expenses	308	374
Ordinary income	2,271	3,496
Extraordinary income		
Gain on reversal of subscription rights to shares	62	27
Total extraordinary income	62	27
Extraordinary loss		
Impairment loss	—	53
Total extraordinary losses	—	53
Income before income taxes and minority interests	2,333	3,471
Income taxes—current	592	1,058
Income taxes—deferred	188	56
Total income taxes	780	1,114
Net income	1,553	2,356
Profit (loss) attributable to non-controlling interests	(26)	8
Profit attributable to owners of parent	1,580	2,347

Consolidated Statement of Comprehensive Income

Nine months ended December 31

(Million yen)

	Nine months ended December 31, 2014 (April 1, 2014 to December 31, 2014)	Nine months ended December 31, 2015 (April 1, 2015 to December 31, 2015)
Net income	1,553	2,356
Other comprehensive income		
Valuation difference on available-for-sale securities	157	(22)
Foreign currency translation adjustment	556	(2,721)
Remeasurements of defined benefit plans	(19)	(8)
Total other comprehensive income	694	(2,752)
Comprehensive income	2,247	(395)
Comprehensive income attributable to		
Comprehensive income attributable to owners of the parent	2,258	(387)
Comprehensive income attributable to non-controlling interests	(11)	(8)

(3) 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)

Nine months ended December 31, 2014 (April 1, 2014 to December 31, 2014)

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	13,621	21,382	13,972	48,976	4,173	53,149
Inter-segment sales or transfers	—	—	—	—	—	—
Total	13,621	21,382	13,972	48,976	4,173	53,149
Segment profit (loss)	885	1,650	(609)	1,926	(48)	1,877

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

2. Total profits or losses in reported segments, difference from the amount posted in the nine-month consolidated statement of income and important details of the difference (Difference adjustment)

(Million yen)

Profit	Amount
Total profit in reported segments	1,926
Profit in "Others" segment	(48)
Adjustment of inventories	(44)
Adjustment of non-current assets	7
Adjustment of allowance for doubtful accounts	2
Operating income in the nine-months consolidated statement of income	1,842

Nine months ended December 31, 2015 (April 1, 2015 to December 31, 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	15,082	23,057	13,926	52,066	4,882	56,948
Inter-segment sales or transfers	–	–	–	–	–	–
Total	15,082	23,057	13,926	52,066	4,882	56,948
Segment profit (loss)	1,179	2,289	(210)	3,257	(370)	2,886

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

2. Total profits or losses in reported segments, difference from the amount posted in the nine-month consolidated statement of income and important details of the difference (Difference adjustment)

(Million yen)

Profit	Amount
Total profit in reported segments	3,257
Profit in "Others" segment	(370)
Adjustment of inventories	10
Adjustment of non-current assets	9
Adjustment of allowance for doubtful accounts	0
Operating income in the nine-months consolidated statement of income	2,907