



**Consolidated Financial Summary (Japanese Accounting Standards)
(For the first quarter ended June 30, 2017)**

July 24, 2017

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: August 10, 2017

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, 2018

(April 1, 2017 to June 30, 2017)

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

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
April – June 30, 2017	18,983	5.8	1,682	2.3	1,845	54.2	1,254	51.6
April – June 30, 2016	17,937	(1.1)	1,645	118.5	1,196	3.9	827	5.8

(Note) Comprehensive income (loss): June 30, 2017: ¥353 million (–%); June 30, 2016: -¥448 million (–%)

	Basic earnings per share	Diluted earnings per share
	Yen	Yen
April – June 30, 2017	15.27	15.26
April – June 30, 2016	10.10	10.08

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	Million yen	Million yen	%
Three months ended June 30, 2017	95,329	72,737	76.2
Year ended March 31, 2017	96,061	72,890	75.8

(Reference) Equity capital: June 30, 2017: ¥72,687 million; March 31, 2017: ¥72,839 million

2. Dividends

	Dividend per share				
	First quarter	Second quarter	Third quarter	Year-end	Annual
	Yen	Yen	Yen	Yen	Yen
March 2017	–	6.00	–	6.00	12.00
March 2018	–	–	–	–	–
March 2018 (forecast)	–	6.00	–	6.00	12.00

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

3. Consolidated Financial Forecasts for the Fiscal Year Ending March 31, 2018 (April 1, 2017 to March 31, 2018)

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

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Basic earnings per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
Interim	38,500	5.4	3,400	2.2	3,600	24.2	2,700	23.5	32.88
Full year	76,000	2.7	6,500	17.9	6,800	14.6	5,200	22.9	63.33

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

* Notes

- (1) Any changes in important subsidiaries during the three months ended June 30, 2017 (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.: | None |
| 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 2017 | 82,623,376 shares |
| | March 2017 | 82,623,376 shares |
| 2. Number of treasury shares as of the term end: | June 2017 | 483,812 shares |
| | March 2017 | 513,092 shares |
| 3. Average number of shares during the term: | June 2017 | 82,129,784 shares |
| | June 2016 | 81,885,960 shares |

This financial summary is not subject to the statutory quarterly review.

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.

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1. Qualitative Information on Consolidated Results, etc. for the First Quarter Ended June 30, 2017

(1) Qualitative Information on the Consolidated Results

The global economy experienced a moderate recovery, particularly in developed countries, which continued during the first three months of the fiscal year ending March 31, 2018. Consumer spending remained strong in the United States and a moderate recovery was evident in Europe, despite the uncertainty about the future caused by geopolitical risks and other factors. In Asia, the economies of ASEAN nations remained on track for recovery, while China's economic growth continued to slow down.

The Japanese economy maintained its moderate recovery thanks to improvement in corporate earnings led by export-related companies based on the stable depreciation of the yen as well as firm consumer spending.

In the Group's business environment, the semiconductor industry remained active and demand in the automotive sector continued to be strong.

In this operating environment, the Group continued its sales activities with a focus on the further commercialization of mainstay products and new products in Japan and abroad. In terms of production, the Group merged four subsidiaries operating domestic production in April 2017 to concentrate their management resources and centralize organizational management. The Group has also engaged actively in capital investment, primarily to increase its capacity.

As a result, consolidated net sales during the first quarter under review stood at ¥18,983 million (up 5.8% year on year). Operating profit amounted to ¥1,682 million (up 2.3% year on year), ordinary profit was ¥1,845 million (up 54.2% year on year), and profit attributable to owners of parent stood at ¥1,254 million (up 51.6% year on year).

Consolidated results by segment are as follows.

1) Electronic Devices segment

In the Electronic Devices segment, overall sales increased from a year ago as a result of continued steady shipments, particularly of automotive input devices, which contributed to significant income growth.

In the business of input devices constituting core products, shipments of automotive key switches and capacitive touch switches remained steady following an increase in the number of car-mounted electronic switches and automobile models installing the switches. Meanwhile, shipments of slim notebook personal computer touchpads remained sluggish, reflecting the stagnant personal computer market. As for display-related products, signs of recovery in shipments of LCD connectors appeared, and shipments of view control films (VCFs) for ATMs also picked up. In the business of component-related products, shipments of electronic-part testing connectors were weak, due largely to production adjustments of parts for high-end smartphones.

As a result, segment sales amounted to ¥4,821 million, up 5.4% year on year, and segment operating profit was ¥397 million, up 60.1% year on year.

2) Precision Molding Products segment

In the Precision Molding Products segment, strong shipments of semiconductor-related containers resulted in year-on-year growth of overall sales; profit, however, remained at the same level as the previous year.

Shipments of core products among the semiconductor-related containers remained strong on the back of the robust demand in the semiconductor industry, which resulted in higher sales. Sales of components for office automation equipment remained at the same level as the previous year, despite signs of recovery appearing in the shipments of products for major users. Demand for carrier tape-related products for electronic components for automobiles and smartphones remained strong and contributed to sales growth. In silicone rubber molded products, shipments of mainstay products for medical equipment grew steadily and resulted in a year-on-year increase in sales.

As a result, segment sales stood at ¥8,093 million (up 5.8% year on year) and operating profit was ¥1,180 million (down 3.1% year on year).

3) Housing & Living Materials segment

Overall sales in the Housing & Living Materials segment exceeded the segment sales in the previous year thanks to sales promotion of new products amid sluggish market demand.

Looking at shipments of packing materials such as wrapping films, shipments to food supermarkets and the food service industry remained flat. Sales of PVC pipes and related products surpassed the amount in the previous year after the segment secured a sufficient amount of orders amid fierce competition. Shipments of plastic compounds for automobiles and robot cables remained at a high level and helped increase sales. Sales of exterior materials were weak despite the Company's efforts to develop new customers and expand product lines.

As a result, segment sales stood at ¥4,387 million (up 5.8% year on year) and segment operating profit was ¥36 million (down 32.5% year on year).

4) Others segment

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

As a result, segment sales amounted to ¥1,681 million (up 7.3% year on year) and operating profit was ¥68 million (down 45.4% year on year).

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

With respect to the future business environment, there is an increasing sense of uncertainty about the global economy due to the protectionist policies of the United States, political and financial instability in Europe, and concerns about an economic slowdown in China, despite signs of recovery in some emerging economies. Meanwhile, there is concern that the Japanese economy will be affected by weak consumer spending due to the stagnant growth of real wages and the downturn of overseas economies, although corporate capital spending is likely to remain solid.

In these circumstances, the Group will continue to operate its sales activities, focusing on the increased commercialization of mainstay growth products and new products in Japan and abroad. The Group will also target 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 ¥76,000 million, operating profit of ¥6,500 million, ordinary profit of ¥6,800 million, and profit attributable to owners of parent of ¥5,200 million. The annual dividend is expected to remain the same as the amount in the previous fiscal year at ¥12 per share (an interim dividend of ¥6 and a year-end dividend of ¥6).

2. Consolidated Quarterly Financial Statements and Key Notes**(1) Consolidated Balance Sheets**

(Million yen)

	Year ended March 31, 2017	First quarter ended June 30, 2017
Assets		
Current assets		
Cash and deposits	40,236	40,462
Notes and accounts receivable - trade	18,903	17,469
Merchandise and finished goods	5,520	5,732
Work in process	1,147	1,344
Raw materials and supplies	2,391	2,459
Accounts receivable - other	1,202	950
Deferred tax assets	1,042	853
Other	3,094	3,465
Allowance for doubtful accounts	(360)	(335)
Total current assets	73,178	72,401
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	6,781	6,597
Machinery, equipment and vehicles, net	4,564	4,648
Land	6,471	6,522
Construction in progress	1,003	1,259
Other, net	1,028	1,079
Total property, plant and equipment	19,850	20,107
Intangible assets		
Software	209	175
Other	95	88
Total intangible assets	305	263
Investments and other assets		
Investment securities	1,184	1,211
Deferred tax assets	450	308
Other	1,092	1,036
Total investments and other assets	2,727	2,556
Total non-current assets	22,882	22,927
Total assets	96,061	95,329

Shin-Etsu Polymer Co., Ltd. (7970) Financial Summary (For the first quarter ended June 30, 2017)

(Million yen)

	Year ended March 31, 2017	First quarter ended June 30, 2017
Liabilities		
Current liabilities		
Notes and accounts payable - trade	13,080	13,262
Short-term loans payable	0	0
Accounts payable - other	2,737	2,822
Income taxes payable	966	560
Accrued expenses	2,641	2,400
Provision for bonuses	1,167	703
Provision for directors' bonuses	46	9
Other	987	1,271
Total current liabilities	21,628	21,031
Non-current liabilities		
Long-term loans payable	0	0
Net defined benefit liability	1,231	1,250
Other	310	310
Total non-current liabilities	1,542	1,560
Total liabilities	23,171	22,592
Net Assets		
Shareholders' equity		
Capital stock	11,635	11,635
Capital surplus	10,718	10,718
Retained earnings	51,970	52,699
Treasury shares	(360)	(339)
Total shareholders' equity	73,964	74,714
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	436	475
Foreign currency translation adjustment	(1,560)	(2,499)
Remeasurements of defined benefit plans, net of tax	(1)	(1)
Total accumulated other comprehensive income	(1,125)	(2,026)
Subscription rights to shares	51	50
Total net assets	72,890	72,737
Total liabilities and net assets	96,061	95,329

(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, 2016 (April 1, 2016 to June 30, 2016)	First quarter ended June 30, 2017 (April 1, 2017 to June 30, 2017)
Net sales	17,937	18,983
Cost of sales	12,148	13,137
Gross profit	5,788	5,846
Selling, general and administrative expenses	4,142	4,163
Operating profit	1,645	1,682
Non-operating income		
Interest income	52	58
Foreign exchange gains	–	87
Other	32	45
Total non-operating income	84	191
Non-operating expenses		
Interest expenses	6	6
Foreign exchange losses	521	–
Loss on retirement of non-current assets	4	22
Other	0	0
Total non-operating expenses	533	28
Ordinary profit	1,196	1,845
Profit before income taxes	1,196	1,845
Income taxes - current	331	334
Income taxes - deferred	37	255
Total income taxes	369	590
Profit	827	1,254
Profit attributable to owners of parent	827	1,254

Consolidated Statement of Comprehensive Income

Three months ended June 30

(Million yen)

	First quarter ended June 30, 2016 (April 1, 2016 to June 30, 2016)	First quarter ended June 30, 2017 (April 1, 2017 to June 30, 2017)
Profit	827	1,254
Other comprehensive income		
Valuation difference on available-for-sale securities	(101)	38
Foreign currency translation adjustment	(1,175)	(939)
Remeasurements of defined benefit plans, net of tax	0	0
Total other comprehensive income	(1,275)	(900)
Comprehensive income	(448)	353
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	(448)	353

(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)

Information on net sales and profits or losses by reported segment

Three months ended June 30, 2016 (April 1, 2016 to June 30, 2016)

(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 profit)	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.

Three months ended June 30, 2017 (April 1, 2017 to June 30, 2017)

(Million yen)

	Reported segments				Others (Note)	Total
	Electronic Devices	Precision Molding Products	Housing & Living Materials	Sub-total		
Net sales						
Sales to outside customers	4,821	8,093	4,387	17,302	1,681	18,983
Inter-segment sales or transfers	–	–	–	–	–	–
Total	4,821	8,093	4,387	17,302	1,681	18,983
Segment profit (Operating profit)	397	1,180	36	1,614	68	1,682

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