

Listing Code: No. 4063 (URL: <http://www.shinetsu.co.jp/>)

Listing Stock Exchange: Tokyo and Nagoya

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Date of dividend payment: November 17, 2017

Preparation of supplemental explanatory materials: Yes

Holding of quarterly financial results meeting: Yes (for investment analysts and institutional investors)

Amounts are stated in millions of yen by discarding fractional amounts less than 1 million.

Percentage figures indicate increase (decrease) over previous corresponding period.

1. Consolidated Operating Performance for the First Half Ended September 30, 2017

(From April 1, 2017 to September 30, 2017)

(1) Results of consolidated operations

(Millions of yen)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent	
April - September 2017	694,926	13.4%	156,319	28.1%	160,217	35.5%	110,725	26.6%
April - September 2016	613,026	(5.1%)	122,034	11.1%	118,211	4.6%	87,437	14.1%

(Note) Comprehensive income (Millions of yen) From April 1, 2017 to September 30, 2017: 97,467 [—%]

From April 1, 2016 to September 30, 2016: (38,367) [—%]

	Basic earnings per share (yen)	Diluted earnings per share (yen)
April - September 2017	259.66	259.60
April - September 2016	205.26	205.25

(2) Consolidated financial position

(Millions of yen)

	Total assets	Net assets	Stockholders' equity ratio	Net assets per share (yen)
September 30, 2017	2,734,329	2,262,196	80.6%	5,167.43
March 31, 2017	2,655,636	2,190,082	80.3%	5,002.16

(Note) Stockholders' equity (Millions of yen) As of September 30, 2017: 2,203,581 As of March 31, 2017: 2,132,832

Stockholders' equity used for the calculation of indices is net assets excluding both share subscription rights and non-controlling interests in consolidated subsidiaries.

2. Cash Dividends

	Cash dividends per share in the fiscal year (yen)				
	1 st quarter	2 nd quarter	3 rd quarter	Year-end	Fiscal year
April 2016 - March 2017	-	60.00	-	60.00	120.00
April 2017 - March 2018	-	65.00	-	-	-
April 2017 - March 2018 (forecast)	-	-	-	65.00	130.00

(Note) Revision of the latest forecast of cash dividends: No

3. Forecast of Consolidated Operating Performance for the Fiscal Year Ending March 31, 2018

(From April 1, 2017 to March 31, 2018)

(Millions of yen)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share (yen)	
Fiscal year	1,350,000	9.1%	268,000	12.3%	280,000	15.6%	190,000	8.0%	445.57	

(Note) Revision of the latest forecast of consolidated operating performance: No

Forward-looking statements such as the forecast of results of operations made in this document involves risks and uncertainties since they are based on management's assumptions and beliefs in light of the information currently available to it. The reader should be aware that actual results may be materially different from any future results expressed herein due to various factors. Material factors affecting the actual results may include overall economic conditions in which the businesses of our company and our group companies are involved, the relevant market trends and fluctuations in foreign exchange rates of the yen, in particular, the exchange rate between the U.S. dollar and the yen; provided, however, that such factors as may affect results of operations are not limited to those enumerated above.

(Notes)

(1) Changes in significant subsidiaries during the first half ended September 30, 2017: No

(Note) This item indicates whether there were changes in significant subsidiaries affecting the scope of consolidation during the first half ended September 30, 2017.

(2) Adoption of special accounting methods for presenting quarterly consolidated financial statements: No

(3) Changes in accounting policies applied, changes in accounting estimates and retrospective restatement

Changes in accounting policies applied due to revisions of accounting standards: No

Changes in accounting policies other than the above: No

Changes in accounting estimates: No

Retrospective restatement: No

(4) Number of shares outstanding (common stock)

	September 30, 2017	March 31, 2017
Number of shares outstanding at period end	432,106,693	432,106,693
Number of shares of treasury stock at period end	5,670,212	5,724,030
	April - September 2017	April - September 2016
Weighted-average number of shares outstanding over period	426,419,206	425,978,581

(Information regarding quarterly review procedures)

The financial information contained in this report is not subject to quarterly review procedures by independent auditors.

(Attached Documents)

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Appendix: Quarterly Operating Results

1. Qualitative Information Regarding Quarterly Results

(1) Explanation Regarding the Operating Results

With regard to the world economy during the first half of FY 2018 (April 1, 2017 to September 30, 2017), although in the United States the recovery of its economy continued, economic growth in Japan and Europe was able to record only a slight increase. In China, the tendency of sluggish economic growth continued and in the emerging economies, although movement toward recovery in these economies was seen, weakness in the economy remained in some areas.

In these circumstances, in order to achieve continued increases in our business results, the Shin-Etsu Group endeavored (1) to deepen its relationships with its customers and further expand its global customer base; (2) to constantly carry out product development that strongly supports our customers' needs, improve product quality and achieve further differentiation in technologies; and (3) to continue our policy of strict cost management.

As a result, the business results for the first half of FY 2018 are as follows:

	April - September 2016 (Millions of yen)	April - September 2017 (Millions of yen)	Increase / (Decrease)
Net sales	613,026	694,926	13.4%
Operating income	122,034	156,319	28.1%
Ordinary income	118,211	160,217	35.5%
Profit attributable to owners of parent	87,437	110,725	26.6%

The situation of each of our business segments is as follows:

PVC/Chlor-Alkali Business

	April - September 2016 (Millions of yen)	April - September 2017 (Millions of yen)	Increase / (Decrease)
Net sales	201,747	239,336	18.6%
Operating income	30,173	40,468	34.1%

With regard to our PVC business, because Shintech in the U.S., making good use of its expanded production capacity, made aggressive sales efforts both within and outside of North America, it continued a high level of shipments and greatly increased its business results. The performance of our business bases in Japan and Europe both continued to be firm and contributed to the Group's profit.

Silicones Business

	April - September 2016 (Millions of yen)	April - September 2017 (Millions of yen)	Increase / (Decrease)
Net sales	89,982	100,882	12.1%
Operating income	20,583	24,891	20.9%

With regard to the silicones business, in Japan, shipments of product applications for cosmetics, on-board automobiles and electronics equipment continued to be firm. Globally as well, shipments of functional products for the United States, Europe and Asia, and general-purpose products for China and Southeast Asia generally did well.

Specialty Chemicals Business

	April - September 2016 (Millions of yen)	April - September 2017 (Millions of yen)	Increase / (Decrease)
Net sales	55,508	56,991	2.7%
Operating income	11,994	13,055	8.8%

With regard to cellulose derivatives, construction materials products, pharmaceutical-use products and coating products continued to perform steadily. POVAL products also generally continued firm shipments.

Semiconductor Silicon Business

	April - September 2016 (Millions of yen)	April - September 2017 (Millions of yen)	Increase / (Decrease)
Net sales	123,327	146,845	19.1%
Operating income	26,123	41,737	59.8%

With regard to semiconductor silicon, supported by demand in a wide range of fields for applications, including in the fields of communications, public facility- and industrial-use products, and on-board automobile use, robust shipments continued both in memory devices and logic devices.

Electronics & Functional Materials Business

	April - September 2016 (Millions of yen)	April - September 2017 (Millions of yen)	Increase / (Decrease)
Net sales	93,227	101,604	9.0%
Operating income	27,837	30,495	9.5%

With regard to the rare earth magnets business, sales greatly increased in products for applications in automobiles, including those for hybrid cars, and also for industrial equipment. With regard to the photoresist products business, KrF resists, ArF resists and trilayer materials all increased, and photomask blanks also continued to be firm. The business of optical fiber preform increased sales and the business of materials for LED packaging also had firm shipments.

Processing, Trading & Specialized Services Business

	April - September 2016 (Millions of yen)	April - September 2017 (Millions of yen)	Increase / (Decrease)
Net sales	49,232	49,265	0.1%
Operating income	5,356	5,806	8.4%

Shin-Etsu Polymer Co., Ltd.'s business of input devices for automobiles and semiconductor wafer-related containers continued to do well.

(2) Explanation Regarding Information Relevant to Forecasts such as Consolidated

Business Forecast

The world economy contains many uncertain factors and it does not allow for optimism.

Among the main products of the Shin-Etsu Group, there are those products that will be greatly affected by such factors as fluctuations in raw material prices and in market conditions as well as in supply and demand conditions. In addition, over 70% of the Group's sales consist of sales outside of Japan, and exchange rate fluctuations affect our company's business. Exchange rate fluctuations also affect us when converting Shin-Etsu Chemical's overseas companies' business results into Japanese yen.

Facing such a situation, the Shin-Etsu Group will carefully focus on developments in world markets and aggressively develop our sales activities while accurately capturing trends in demand. At the same time, we will further accelerate the development of our global business by such means as constructing manufacturing bases at optimal locations in the world and strengthening and expanding existing facilities. In addition, we will further focus on enhancing productivity and product quality, and at the same time, we will strive to develop products that have value for customers and we will also strive to assure the stable supply of our products. For this purpose, while continuing to maintain a sound financial base, we will proactively utilize our financial strength to carry out appropriate investments in a timely manner.

Going forward, we will work to create value to meet the needs of the market and society over the long term.

As mentioned on the cover page of this summary of the Shin-Etsu Group's financial results, no revision has been made to the business forecast we announced on July 25, 2017.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

As of March 31 and September 30, 2017

	Millions of yen	
	March 31, 2017	September 30, 2017
ASSETS		
Current Assets:		
Cash and time deposits	752,675	785,784
Notes and accounts receivable-trade	287,853	330,484
Securities	186,591	186,903
Inventories	267,157	258,575
Other	69,878	68,452
Less: Allowance for doubtful accounts	(14,549)	(15,457)
Total current assets	1,549,607	1,614,742
Fixed Assets:		
Property, plant and equipment		
Machinery and equipment, net	437,775	436,452
Other, net	408,795	417,424
Total property, plant and equipment	846,570	853,877
Intangible assets	10,229	9,826
Investments and other assets:		
Investments and other assets	251,068	257,766
Less: Allowance for doubtful accounts	(1,840)	(1,883)
Total investments and other assets	249,228	255,883
Total fixed assets	1,106,028	1,119,586
TOTAL ASSETS	2,655,636	2,734,329

	Millions of yen	
	March 31, 2017	September 30, 2017
LIABILITIES		
Current Liabilities:		
Notes and accounts payable-trade	123,823	126,623
Short-term borrowings	12,788	7,030
Accrued income taxes	32,711	36,916
Allowances	3,511	3,554
Other	144,164	144,755
Total current liabilities	317,000	318,880
Long-term Liabilities:		
Long-term debt	1,578	8,949
Net defined benefit liability	35,809	38,123
Other	111,165	106,179
Total long-term liabilities	148,553	153,252
TOTAL LIABILITIES	465,553	472,132
NET ASSETS		
Stockholders' Equity:		
Common stock	119,419	119,419
Additional paid-in capital	129,626	129,742
Retained earnings	1,857,857	1,942,988
Less: Treasury stock, at cost	(31,213)	(30,925)
Total stockholders' equity	2,075,690	2,161,224
Accumulated Other Comprehensive Income:		
Unrealized gains (losses) on available-for-sale securities	22,887	28,283
Deferred gains (losses) on hedges	862	476
Foreign currency translation adjustments	35,154	14,841
Remeasurements of defined benefit plans	(1,761)	(1,244)
Total accumulated other comprehensive income	57,142	42,356
Share subscription rights	152	562
Non-controlling interests in consolidated subsidiaries	57,096	58,052
TOTAL NET ASSETS	2,190,082	2,262,196
TOTAL LIABILITIES AND NET ASSETS	2,655,636	2,734,329

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

Consolidated Statements of Income

For the first half ended September 30, 2016 and 2017

	Millions of yen	
	April 1, 2016 - September 30, 2016	April 1, 2017 - September 30, 2017
Net sales	613,026	694,926
Cost of sales	425,803	468,270
Gross profit	187,223	226,655
Selling, general and administrative expenses	65,189	70,335
Operating income	122,034	156,319
Non-operating income:		
Interest income	2,368	2,808
Dividend income	1,007	1,118
Equity in earnings of affiliates	1,297	1,784
Other income	4,385	532
Total non-operating income	9,058	6,243
Non-operating expenses:		
Foreign exchange loss	11,161	279
Loss on retirement of fixed assets	258	870
Other expenses	1,460	1,195
Total non-operating expenses	12,881	2,345
Ordinary income	118,211	160,217
Income before income taxes and non-controlling interests	118,211	160,217
Income taxes:		
Current	25,203	50,774
Deferred	4,232	(2,950)
Total income taxes	29,436	47,823
Profit	88,775	112,394
Profit attributable to non-controlling interests	1,338	1,668
Profit attributable to owners of parent	87,437	110,725

Consolidated Statements of Comprehensive Income
For the first half ended September 30, 2016 and 2017

	Millions of yen	
	April 1, 2016 - September 30, 2016	April 1, 2017 - September 30, 2017
Profit	88,775	112,394
Other comprehensive income:		
Unrealized gains (losses) on available-for-sale securities	513	5,411
Deferred gains (losses) on hedges	446	(383)
Foreign currency translation adjustments	(128,254)	(20,670)
Remeasurements of defined benefit plans	501	514
Share of other comprehensive income of affiliates accounted for using the equity method	(351)	201
Total other comprehensive income	(127,143)	(14,927)
Comprehensive income	(38,367)	97,467
(Breakdown)		
Comprehensive income attributable to owners of parent	(36,855)	95,939
Comprehensive income attributable to non-controlling interests	(1,511)	1,527

(3) Consolidated Statements of Cash Flows

For the first half ended September 30, 2016 and 2017

	Millions of yen	
	April 1, 2016 - September 30, 2016	April 1, 2017 - September 30, 2017
Cash flows from operating activities:		
Income before income taxes and non-controlling interests	118,211	160,217
Depreciation and amortization	43,824	50,745
Interest and dividend income	(3,376)	(3,926)
(Increase) decrease in notes and accounts receivable	(21,691)	(43,276)
(Increase) decrease in inventories	14,893	7,054
Increase (decrease) in notes and accounts payable	(69)	2,823
Other, net	14,088	7,728
Subtotal	165,880	181,366
Proceeds from interest and dividends	3,780	4,692
Payments of interest	(237)	(274)
Payments of income taxes	(26,381)	(43,460)
Net cash provided by operating activities	143,041	142,325
Cash flows from investing activities:		
Net (increase) decrease in time deposits	21,899	59,105
Net (increase) decrease in marketable securities	52,846	(32,662)
Purchases of property, plant and equipment	(58,486)	(78,155)
Purchases of investments in securities	(596)	(5,595)
Proceeds from sales and redemption of investments in securities	-	5,000
Other, net	(956)	(1,570)
Net cash provided by (used for) investing activities	14,706	(53,879)
Cash flows from financing activities:		
Net increase (decrease) in short-term borrowings	(301)	(141)
Proceeds from long-term debt	-	2,375
Repayments of long-term debt	(106)	(555)
Cash dividends paid	(23,428)	(25,582)
Other, net	3,260	1,073
Net cash used for financing activities	(20,576)	(22,831)
Effect of exchange rate changes on cash and cash equivalents	(28,688)	(2,799)
Net increase (decrease) in cash and cash equivalents	108,483	62,815
Cash and cash equivalents at beginning of period	487,604	733,306
Increase (decrease) in cash and cash equivalents resulting from changes in scope of consolidation	-	350
Cash and cash equivalents at end of period	596,087	796,472

(4) Notes to Consolidated Financial Statements
(Segment Information)

Information on sales, income (loss) and other items of reportable segments

1) For the first half ended September 30, 2017 (From April 1, 2017 to September 30, 2017)

	Millions of yen								Figures in consolidated financial statements
	April 1, 2017 - September 30, 2017								
	PVC/Chlor-Alkali	Silicones	Specialty Chemicals	Semiconductor Silicon	Electronics & Functional Materials	Processing, Trading & Specialized Services	Total	Adjustment*	
Sales to outside customers	239,336	100,882	56,991	146,845	101,604	49,265	694,926	-	694,926
Intersegment sales	1,701	2,871	7,278	0	3,436	39,158	54,446	(54,446)	-
Total	241,038	103,754	64,269	146,845	105,040	88,423	749,372	(54,446)	694,926
Segment income (Operating income)	40,468	24,891	13,055	41,737	30,495	5,806	156,455	(135)	156,319

*Elimination of intersegment transactions

2) For the first half ended September 30, 2016 (From April 1, 2016 to September 30, 2016)

	Millions of yen								Figures in consolidated financial statements
	April 1, 2016 - September 30, 2016								
	PVC/Chlor-Alkali	Silicones	Specialty Chemicals	Semiconductor Silicon	Electronics & Functional Materials	Processing, Trading & Specialized Services	Total	Adjustment*	
Sales to outside customers	201,747	89,982	55,508	123,327	93,227	49,232	613,026	-	613,026
Intersegment sales	1,398	3,031	6,473	0	3,494	35,944	50,342	(50,342)	-
Total	203,145	93,014	61,981	123,328	96,721	85,177	663,369	(50,342)	613,026
Segment income (Operating income)	30,173	20,583	11,994	26,123	27,837	5,356	122,070	(35)	122,034

*Elimination of intersegment transactions

The main products and services of each segment are as follows:

Segment	Main products and services
PVC/Chlor-Alkali Business	Polyvinyl chloride, Caustic soda, Methanol, Chloromethane
Silicones Business	Silicones
Specialty Chemicals Business	Cellulose derivatives, Silicon metal, Polyvinyl alcohol, Synthetic pheromones
Semiconductor Silicon Business	Semiconductor silicon
Electronics & Functional Materials Business	Rare earth magnets for electronics industry and general applications, Semiconductor encapsulating materials, Packaging materials for LEDs, Photoresists, Photomask blanks, Synthetic quartz products, Liquid fluoroelastomers, Pellicles
Processing, Trading & Specialized Services Business	Processed plastics, Export of plant equipment, Technology licensing, International trade, Engineering

Appendix: Quarterly Operating Results

(Billions of yen)

	FY 2017 April 1, 2016 - March 31, 2017					FY 2018 April 1, 2017 - March 31, 2018		
	1Q	2Q	3Q	4Q	Total	1Q	2Q	Total
Net Sales	300.7	312.3	309.2	315.1	1,237.4	336.2	358.6	694.9
PVC / Chlor-Alkali	93.9	107.8	106.4	103.4	411.6	113.5	125.7	239.3
Silicones	45.4	44.5	43.4	45.8	179.2	49.9	50.9	100.8
Specialty Chemicals	28.5	27.0	26.4	26.0	108.0	28.3	28.6	56.9
Semiconductor Silicon	62.5	60.7	62.7	66.4	252.6	71.4	75.3	146.8
Electronics & Functional Materials	46.9	46.3	45.6	49.0	187.9	49.1	52.4	101.6
Processing, Trading & Specialized Services	23.4	25.8	24.4	24.2	97.9	23.7	25.5	49.2
Operating Income	60.0	62.0	59.0	57.5	238.6	74.1	82.1	156.3
PVC / Chlor-Alkali	13.2	16.9	14.1	8.8	53.1	17.6	22.8	40.4
Silicones	10.2	10.3	11.0	10.9	42.5	12.1	12.7	24.8
Specialty Chemicals	6.3	5.6	4.9	5.2	22.2	6.5	6.5	13.0
Semiconductor Silicon	13.6	12.4	13.3	16.4	55.9	19.7	21.9	41.7
Electronics & Functional Materials	14.0	13.8	13.5	13.8	55.2	15.0	15.3	30.4
Processing, Trading & Specialized Services	2.6	2.6	2.0	2.2	9.5	2.8	2.9	5.8
Ordinary Income	57.8	60.3	66.8	57.0	242.1	77.0	83.1	160.2
Profit Attributable to Owners of Parent	45.3	42.1	47.7	40.6	175.9	53.7	57.0	110.7
Depreciation and Amortization	20.7	23.0	23.7	25.5	93.0	24.3	26.4	50.7
Capital Expenditures	27.1	33.4	32.6	52.4	145.6	35.6	38.9	74.5
R&D Costs	12.5	10.9	13.1	12.3	49.0	12.2	11.4	23.7
Overseas Sales	215.7	229.2	223.3	227.0	895.4	246.3	266.8	513.2
Ratio of Overseas Sales to Net Sales	72%	73%	72%	72%	72%	73%	74%	74%

(Note) Amounts are stated in billions of yen by discarding fractional amounts less than 0.1 billion.