

9. Press Release of non-consolidated Financial Data

For the six months ended September 30, 2003

October 27, 2003

Shin-Etsu Chemical Co.,Ltd.

The seat of headquarters : Tokyo

Listing Code No. 4063

(URL <http://www.shinetsu.co.jp/>)

Listing Stock Exchange : Tokyo, Osaka, Nagoya

Interim cash dividends being paid

Trading unit of the company consists of 100 shares

Representative:

Chihiro Kanagawa(Mr.)

Representative Director-President

Personnel to contact :

Toshiyuki Kasahara (Mr.)

General Manager of Finance & Accounting Department

Telephone : +81-3-3246-5051

Date of Board of Directors Meeting

For the authorization of the financial statements

for the first half of the current fiscal year ... October 27, 2003

Starting date of interim cash dividend payment ... November 18, 2003

9-1. Operating Performance for the First Half of the Current Fiscal Year

(From April 1, 2003 to September 30, 2003)

(Amounts are stated in millions of Yen by discarding fractional amounts less than 1 million.)

(1) Results of non-consolidated operations

	<u>Millions of Yen</u>		
	<u>Six months</u> <u>2003/4-2003/9</u>	<u>Six months</u> <u>2002/4-2002/9</u>	<u>Prior fiscal year</u> <u>2002/4-2003/3</u>
Net sales	238,294	237,178	480,243
Ratio of increase (decrease) over the first half of the prior year	0.5%	4.6%	
Operating income	28,665	32,323	62,014
Ratio of increase (decrease) over the first half of the prior year	(11.3 %)	0.9%	
Ordinary income	29,013	32,002	62,011
Ratio of increase (decrease) over the first half of the prior year	(9.3%)	(3.4%)	
Net income	17,843	19,502	37,028
Ratio of increase (decrease) over the first half of the prior year	(8.5%)	(0.0%)	
Net income per share (in yen)	42.44	46.36	87.83
(Notes)			
1. Average number of shares issued (in shares)	420,400,185	420,669,325	420,524,988
2. Changes in accounting policies applied : No			

(2) Non-consolidated cash dividends

	Six months <u>2003/4-2003/9</u>	Six months <u>2002/4-2002/9</u>	Prior fiscal year <u>2002/4-2003/3</u>
Interim cash dividend per share (in yen)	8.00	7.00	-
Total annual cash dividend per share (in yen)	-	-	14.00

(3) Non-consolidated financial position

	<u>Millions of Yen</u>		
	September 30, <u>2003</u>	September 30, <u>2002</u>	March 31, <u>2003</u>
Total assets	697,994	714,659	679,380
Total stockholders' equity	523,741	491,837	502,912
Equity ratio	75.0%	68.8%	74.0%
Stockholders' equity per share (in yen)	1,245.55	1,170.01	1,196.02
(Notes)			
Number of shares outstanding (in shares)	420,491,357	420,369,360	420,408,126
Number of treasury stocks	2,132,890	2,191,251	2,159,785

9-2. The Forecast of Non-consolidated Operating Performance for the Fiscal Year ending March 31, 2004. (From April 1, 2003 to March 31, 2004)

	Millions of Yen Fiscal year <u>2003/4-2004/3</u>
Net sales	480,000
Ordinary income	58,000
Net income	34,500
Total annual cash dividend per share (in yen) (Including 8 yen year-end cash dividend per share)	16.00

(Reference)

The forecast of "Net income per share" (in yen, for the year ending March 31, 2004)	81.82
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(Note)

The forecast of results of operations made in this document involves risks and uncertainties since the forecast is 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. dollars and the yen ; provided, however, that such factors as may affect results of operations are not limited to those enumerated above.

10. Non-consolidated Financial Statements

10-1 Comparative Non-consolidated Balance Sheets

As of September 30, 2003, March 31, 2003 and September 30, 2002.

Millions of Yen

ASSETS

	September 30, 2003 (A)	March 31, 2003 (B)	September 30, 2002	Increase (Decrease) (A-B)
Current Assets:				
Cash on hand and in banks	119,599	152,741	204,209	(33,142)
Notes and accounts receivable -trade	141,759	139,043	143,384	2,716
Securities	53,551	39,408	19,861	14,143
Inventories	40,397	41,383	39,418	(986)
Deferred tax assets	9,399	11,625	12,196	(2,226)
Others	27,818	17,822	16,149	9,996
Less: Allowance for doubtful accounts	(700)	(840)	(850)	140
Total current assets	<u>391,824</u>	<u>401,185</u>	<u>434,370</u>	<u>(9,361)</u>
Fixed Assets:				
Property, plant and equipment				
Buildings and structures	37,490	38,499	39,540	(1,009)
Machinery, equipment and vehicles	46,087	47,878	53,542	(1,791)
Others	32,217	28,155	28,181	4,062
Total	<u>115,795</u>	<u>114,533</u>	<u>121,265</u>	<u>1,262</u>
Intangible fixed assets	<u>1,697</u>	<u>1,823</u>	<u>2,222</u>	<u>(126)</u>
Investments and others				
Investments in securities	124,874	99,495	91,207	25,379
Investments in capital stocks of subsidiaries	58,105	55,191	54,586	2,914
Deferred tax assets	-	78	3,352	(78)
Others	5,707	7,081	7,665	(1,374)
Less: Allowance for doubtful accounts	(10)	(10)	(10)	-
Total fixed assets	<u>306,170</u>	<u>278,194</u>	<u>280,289</u>	<u>27,976</u>
TOTAL ASSETS	<u>697,994</u>	<u>679,380</u>	<u>714,659</u>	<u>18,614</u>

Millions of Yen

	September 30, 2003 (A)	March 31, 2003 (B)	September 30, 2002	Increase (Decrease) (A-B)
LIABILITIES				
Current Liabilities:				
Notes and accounts payable -trade	86,442	83,129	80,591	3,313
Short-term borrowings	12,842	22,135	62,520	(9,293)
Accounts payable -others	8,215	9,879	9,899	(1,664)
Accrued income taxes	10,922	5,253	11,763	5,669
Accrued expenses	14,908	18,275	19,000	(3,367)
Others	972	998	1,055	(26)
Total current liabilities	<u>134,304</u>	<u>139,671</u>	<u>184,831</u>	<u>(5,367)</u>
Long-term Liabilities:				
Convertible debentures	18,183	18,291	18,305	(108)
Long-term borrowings	17,114	18,012	18,865	(898)
Accrued retirement benefits	443	313	744	130
Deferred tax liabilities	4,053	-	-	4,053
Others	154	178	74	(24)
Total long-term liabilities	<u>39,949</u>	<u>36,796</u>	<u>37,990</u>	<u>3,153</u>
TOTAL LIABILITIES	<u>174,253</u>	<u>176,467</u>	<u>222,821</u>	<u>(2,214)</u>
STOCKHOLDERS' EQUITY				
Common stock	110,326	110,271	110,264	55
Additional paid-in capital	111,687	111,633	111,626	54
Retained earnings	307,105	292,311	277,860	14,794
Unrealized gain on available-for-sale securities	4,111	(1,668)	1,879	5,779
Treasury stocks	(9,490)	(9,636)	(9,793)	146
TOTAL STOCKHOLDERS' EQUITY	<u>523,741</u>	<u>502,912</u>	<u>491,837</u>	<u>20,829</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>697,994</u>	<u>679,380</u>	<u>714,659</u>	<u>18,614</u>

10-2 Comparative Non-consolidated Income Statements

For the six months period ended September 30, 2003 and 2002, and the fiscal year ended March 31, 2003.

Millions of Yen

	For the period ended			Increase (Decrease) (A-B)
	September 30, 2003 (A)	March 31, 2003	September 30, 2002 (B)	
Operating Income and Expenses:				
Net sales	238,294	480,243	237,178	1,116
Cost of sales	194,488	385,750	188,180	6,308
Gross profit	43,805	94,492	48,998	(5,193)
Selling, general and administrative expenses	15,140	32,478	16,674	(1,534)
Operating income	28,665	62,014	32,323	(3,658)
Non-operating Income:				
Interest income	115	437	287	(172)
Dividend income	1,984	3,145	1,976	8
Other income	769	2,434	1,595	(826)
	2,870	6,018	3,859	(989)
Non-operating Expenses:				
Interest expenses	347	1,139	514	(167)
Other expenses	2,174	4,881	3,665	(1,491)
	2,521	6,021	4,180	(1,659)
Ordinary income	29,013	62,011	32,002	(2,989)
Extraordinary Gains:				
Gains on sales of property, plant and equipment	-	2,416	-	-
Gains on transfer of securities to retirement benefits trust	-	2,363	-	-
	-	4,779	-	-
Extraordinary Losses:				
Loss on write-down of investment securities	-	3,165	-	-
Adjustment to prior year's license fee	-	-	-	-
Special additional payments for early retirement	-	1,727	-	-
	-	4,893	-	-
Income before income taxes	29,013	61,898	32,002	(2,989)
Income taxes-Current	8,730	17,490	11,440	(2,710)
Income taxes-Deferred	2,440	7,380	1,060	1,380
Net income	17,843	37,028	19,502	(1,659)
Retained earnings at beginning of year	6,687	6,635	6,635	52
Interim cash dividend	-	2,942	-	-
Loss on disposal of treasury stocks	11	257	124	(113)
Unappropriated retained earnings	24,519	40,463	26,012	(1,493)

(Notes)

	Millions of Yen		
	September 30, 2003	March 31, 2003	September 30, 2002
1. Accumulated depreciation of property, plant and equipment	308,762	301,316	291,065
2. Contingent liabilities for guarantee	3,472	3,758	545
3. Details of increase in the number of shares issued during the first half of the current fiscal year.			
	Number of shares issued (in shares)	Amounts transferred to capital stock (in millions of Yen)	
Conversion of convertible debentures	56,336	54	

4. Lease Transactions

In connection with the contracts of finance leases other than those which are deemed to transfer the ownership of the leased assets to lessees.

Pro forma information regarding leased property such as acquisition cost and accumulated depreciation under finance leases were as follows:

(1) Acquisition cost, accumulated depreciation and net book value

	Millions of Yen		
	September 30, 2003	March 31, 2003	September 30, 2002
Acquisition cost	946	1,151	1,067
Accumulated depreciation	589	752	667
Net book value	356	398	400

(2) Future lease payments

Within one year	180	185	181
Over one year	175	212	218
Total	356	398	400

(3) Lease expenses

Depreciation expenses	104	233	122
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(4) The computation of the amount corresponding to depreciation expenses

The amount corresponding to depreciation expenses is computed by the straight-line method over a period up to the maturity of the relevant lease contracts with no residual value. The figures shown in the Note above include the portion of interests thereon.

5. Securities

Investments in capital stock of subsidiaries and affiliates with market quotation

	Millions of Yen		
	September 30, 2003	March 31, 2003	September 30, 2002
Book value	10,221	10,221	10,221
Market value	28,715	24,072	20,762
Unrealized difference	18,493	13,850	10,540

10-3 Non-consolidated Comparison of Net Sales

For the period ended September 30, 2003 and 2002, and fiscal year ended March 31, 2003.

	<u>Millions of Yen</u>			Increase (Decrease)
	For the period ended			
	<u>September 30, 2003</u>	<u>March 31, 2003</u>	<u>September 30, 2002</u>	
Organic and Inorganic Chemicals Department	86,251 [36%]	174,741 [36%]	85,283 [36%]	968
Electronics Materials Department	103,757 [43%]	195,579 [41%]	100,068 [42%]	3,689
Functional Materials Department	27,885 [12%]	65,839 [14%]	35,050 [15%]	(7,165)
International Operations Department	20,399 [9%]	44,082 [9%]	16,776 [7%]	3,623
Total	<u>238,294</u> [100%]	<u>480,243</u> [100%]	<u>237,178</u> [100%]	1,116
[Reference] Export Total	102,449 [43%]	220,164 [46%]	107,127 [45%]	(4,678)

Percentages in [] represent the proportionate ratio of sales of each department over total net sales.