

## 8. Press Release of Non-consolidated Financial Data

For the six months ended September 30, 2000

November 17, 2000

Shin-Etsu Chemical Co., Ltd.

The seat of headquarters : Tokyo

Listing Code No.4063

Listing Stock Exchanges: Tokyo, Osaka and Nagoya

Interim cash dividends being paid.

Personnel to contact:

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Date of Board of Directors Meeting

for the authorization of the financial statements

for the first half of the current year ..... November 17, 2000

Starting date of interim cash dividend payment : December 8, 2000

### 8-1 Operating Performance for the First Half of the Current Fiscal Year (from April 1, 2000 to September 30, 2000)

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

#### (1) Results of Non-consolidated operations

	Six months <u>2000/4-2000/9</u>	Six months <u>1999/4-1999/9</u>	Last fiscal year <u>1999/4-2000/3</u>
Net sales :			
Amounts in millions of yen	¥226,590	¥206,832	¥422,508
Ratio of increase (decrease) over the first half of the last year	9.6%	8.3%	
Operating income :			
Amounts in millions of yen	¥28,238	¥23,867	¥47,267
Ratio of increase (decrease) over the first half of the last year	18.3%	54.4%	
Ordinary income :			
Amounts in millions of yen	¥31,032	¥23,105	¥47,040
Ratio of increase (decrease) over the first half of the last year	34.3%	13.6%	
Net income :			
Amounts in millions of yen	¥16,813	¥14,238	¥27,141
Ratio of increase (decrease) over the first half of the last year	18.1%	35.3%	
Net income per share stated in yen	¥39.91	¥34.47	¥65.32

(Notes)

	Six months <u>2000/4-2000/9</u>	Six months <u>1999/4-1999/9</u>	Last fiscal year <u>1999/4-2000/3</u>
1. Average number of shares issued (in shares)	421,249,622	413,042,521	415,535,637
2. Changes in accounting policies applied:	None		
3. "Accounting standards for financial instruments" is fully applied to the			

Non-consolidated financial statements from the first half of current fiscal year, including the valuation of "available-for-sale securities" at current price.

(2) Information relative to Non-consolidated cash dividends

	<u>Six months 2000/4-2000/9</u>	<u>Six months 1999/4-1999/9</u>	<u>Last fiscal year 1999/4-2000/3</u>
Interim cash dividend per share (in yen)	¥6.00	¥5.00	-
Total annual cash dividend per share (in yen)	-	-	¥10.00

(3) Non-consolidated financial position

	<u>September 30, 2000</u>	<u>September 30, 1999</u>	<u>March 31, 2000</u>
Total assets (in millions of yen)	¥649,476	¥609,446	¥663,813
Total stockholders' equity (in millions of yen)	¥443,021	¥379,021	¥412,216
Equity ratio	68.2%	62.2%	62.1%
Stockholders' equity per share (in yen)	¥1,048.59	¥910.38	¥981.82
(Notes)	<u>September 30, 2000</u>	<u>September 30, 1999</u>	<u>March 31, 2000</u>
Number of shares issued and outstanding at year-end date (in shares)	422,490,719	416,333,293	419,848,360

8-2 The forecast of Non-consolidated Operating Performance for the Current Fiscal Year

	<u>From April 1, 2000 to March 31, 2001</u>
Net sales (in millions of yen)	¥460,000
Ordinary income (in millions of yen)	¥62,000
Net income (in millions of yen)	¥35,000
Total annual cash dividend per share (in yen)	¥12.00
Including Year-end cash dividend per share (in yen)	¥6.00
[Reference]	
The forecast of "Net income per share" (in yen, from April 1,2000 to March 31,2001)	¥82.84

## 9. Non-consolidated Financial Statements

### 9-1 Comparative Non-consolidated Balance Sheets

As of September 30, 2000, March 31, 2000, and September 30, 1999

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

ASSETS	<u>Millions of Yen</u>			
	<u>September 30,</u> <u>2000</u>	<u>March 31,</u> <u>2000</u>	<u>September 30,</u> <u>1999</u>	<u>Increase</u> <u>(Decrease)</u>
Current Assets:				
Cash on hand and in banks	¥116,953	¥141,259	¥128,686	¥(11,733)
Notes and accounts receivable-trade	149,360	135,793	121,961	27,399
Marketable securities	26,485	21,168	10,775	15,710
Merchandise, finished and semi-finished products	25,481	25,133	22,939	2,542
Raw materials and supplies	14,462	12,110	10,218	4,244
Deferred tax assets	9,363	11,028	-	9,363
Short-term loans	7,620	28,504	30,778	(23,158)
Accounts receivable-other	12,573	11,513	9,603	2,970
Other current assets	2,996	2,946	3,517	(521)
Less: Allowance for doubtful accounts	<u>(770)</u>	<u>(730)</u>	<u>(760)</u>	<u>(10)</u>
Total current assets	<u>364,527</u>	<u>388,728</u>	<u>337,720</u>	<u>26,807</u>
Fixed Assets:				
Tangible fixed assets				
Buildings	30,520	30,197	29,774	746
Machinery and equipment	52,701	51,446	55,845	(3,144)
Others	<u>30,283</u>	<u>29,705</u>	<u>28,378</u>	<u>1,905</u>
Total	<u>113,505</u>	<u>111,349</u>	<u>113,997</u>	<u>(492)</u>
Intangible fixed assets	<u>2,990</u>	<u>3,323</u>	<u>3,058</u>	<u>(68)</u>
Investments and Others				
Investments in securities	92,124	81,104	87,079	5,045
Investments in capital stock of subsidiaries	51,309	51,260	47,840	3,469
Treasury stocks	7,984	5,717	6,464	1,520
Long-term loans	13,136	16,812	8,916	4,220
Deferred tax assets	-	1,604	-	-
Others	3,907	3,401	2,955	952
Less: Allowance for doubtful accounts	<u>(10)</u>	<u>(70)</u>	<u>(40)</u>	<u>30</u>
Total	<u>168,452</u>	<u>159,831</u>	<u>153,216</u>	<u>15,236</u>
Total fixed assets	<u>284,948</u>	<u>274,503</u>	<u>270,272</u>	<u>14,676</u>
Deferred Assets:				
Discounts on debenture issue	<u>-</u>	<u>581</u>	<u>1,453</u>	<u>(1,453)</u>
Total deferred assets	<u>-</u>	<u>581</u>	<u>1,453</u>	<u>(1,453)</u>
TOTAL ASSETS	<u>¥649,476</u>	<u>¥663,813</u>	<u>¥609,446</u>	<u>¥ 40,030</u>

Millions of Yen

	<u>September 30,</u> <u>2000</u>	<u>March 31,</u> <u>2000</u>	<u>September 30,</u> <u>1999</u>	<u>Increase</u> <u>(Decrease)</u>
<b>LIABILITIES</b>				
Current Liabilities:				
Notes and accounts payable-trade	¥85,788	¥83,667	¥80,125	¥5,663
Short-term borrowings	14,804	12,748	12,750	2,054
Debentures and convertible debentures of redemption within one year	-	51,662	52,008	(52,008)
Accounts payable-other	13,619	19,442	14,213	(594)
Accrued income taxes	14,511	9,435	10,867	3,644
Accrued expenses	17,333	19,302	17,434	(101)
Warrants	-	578	1,379	(1,379)
Other current liabilities	<u>6,808</u>	<u>7,168</u>	<u>7,058</u>	<u>(250)</u>
Total current liabilities	<u>152,866</u>	<u>204,006</u>	<u>195,837</u>	<u>(42,971)</u>
Long-term Liabilities:				
Convertible debentures	18,439	18,965	19,373	(934)
Long-term borrowings	21,249	25,342	11,849	9,400
Deferred tax liabilities	1,767	-	-	1,767
Accrued retirement benefits	<u>12,132</u>	<u>3,282</u>	<u>3,364</u>	<u>8,768</u>
Total long-term liabilities	<u>53,588</u>	<u>47,590</u>	<u>34,586</u>	<u>19,002</u>
Total liabilities	<u>206,454</u>	<u>251,597</u>	<u>230,424</u>	<u>(23,970)</u>
<b>STOCKHOLDERS' EQUITY</b>				
Capital stock	110,197	107,663	104,302	5,895
Legal capital reserve	111,559	108,449	104,290	7,269
Legal earned reserve	6,252	6,032	5,825	427
Voluntary reserves	181,916	144,368	145,098	36,818
Unappropriated retained earnings	22,557	45,701	19,504	3,053
[Net income for the year]	[16,813]	[27,141]	[14,238]	[2,575]
Unrealized gain on available-for-sale securities	<u>10,537</u>	<u>-</u>	<u>-</u>	<u>10,537</u>
Total stockholders' equity	<u>443,021</u>	<u>412,216</u>	<u>379,021</u>	<u>64,000</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>¥649,476</u>	<u>¥663,813</u>	<u>¥609,446</u>	<u>¥40,030</u>

## 9-2 Comparative Non-consolidated Income Statements

For the periods ended September 30, 2000 and 1999, and fiscal year ended March 31, 2000

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

	<u>Millions of Yen</u>			Increase (Decrease)
	For the period ended			
	September 30, 2000	March 31, 2000	September 30, 1999	
<b>Operating Income and Expenses:</b>				
Net sales	¥226,590	¥422,508	¥206,832	¥19,758
Cost of sales	<u>182,224</u>	<u>342,047</u>	<u>166,915</u>	<u>15,309</u>
Gross profit	44,366	80,460	39,916	4,450
Selling, general and administrative expenses	<u>16,127</u>	<u>33,193</u>	<u>16,049</u>	<u>78</u>
Operating income	28,238	47,267	23,867	4,371
<b>Non-operating Income:</b>				
Interest income	1,790	4,092	2,159	(369)
Dividend income	1,961	2,203	1,830	131
Other income	<u>2,243</u>	<u>3,126</u>	<u>1,746</u>	<u>497</u>
	5,995	9,422	5,735	260
<b>Non-operating Expenses:</b>				
Interest expenses	1,323	2,657	1,279	44
Other expenses	<u>1,878</u>	<u>6,991</u>	<u>5,218</u>	<u>(3,340)</u>
	<u>3,201</u>	<u>9,649</u>	<u>6,497</u>	<u>(3,296)</u>
Ordinary income	31,032	47,040	23,105	7,927
<b>Special Gains:</b>				
Gain on transfer of securities to retirement benefits trust	5,234	-	-	5,234
Gain on sales of property, plant and equipment	4,405	1,413	1,413	2,992
Reversal of prior year's accrued maintenance expenses	<u>4,039</u>	-	-	<u>4,039</u>
	13,680	1,413	1,413	12,267
<b>Special losses</b>				
Special provision for retirement benefits costs	14,976	-	-	14,976
Loss on write-down of investment securities	<u>1,691</u>	<u>2,932</u>	-	<u>1,691</u>
	<u>16,668</u>	<u>2,932</u>	-	<u>16,668</u>
Income before income taxes	28,043	45,521	24,518	3,525
Income taxes current	13,730	16,170	10,280	3,450
Income taxes deferred	<u>(2,500)</u>	<u>2,210</u>	-	<u>(2,500)</u>
Net income	<u>¥16,813</u>	<u>¥27,141</u>	<u>¥14,238</u>	<u>¥2,575</u>

Notes

	Millions of Yen		
	September 30, 2000	March 31, 2000	September 30, 1999
1. Accumulated depreciation of tangible fixed assets	¥247,915	¥237,870	¥227,310
2. Liabilities for guarantee	¥424	¥893	¥540
3. Number of treasury stocks and amount of book value of treasury stocks			
(1) Treasury stocks less than a unit bought			
Number of treasury stocks [in shares]	[926]	[395]	[241]
Amount of treasury stocks	¥4	¥2	¥1
(2) Treasury stocks purchased under the stock option plan for directors or employees			
Number of treasury stocks [in shares]	[2,008,000]	[1,698,000]	[1,960,000]
Amount of treasury stocks	¥7,984	¥5,717	¥6,464
4. Details of increase in the number of shares issued during the first half of the current year.			
	<u>Number of shares issued upon conversion/exercise (thousand shares)</u>	<u>Amount transferred to capital stock (in millions of Yen)</u>	
(1) Conversion of convertible debentures	274	263	
(2) Exercise of warrant attached to debentures	2,367	2,270	
5. 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 for the periods ended September 30, 2000 and 1999.

(1) The amount corresponding to acquisition cost, accumulated depreciation and net book value

	Millions of Yen		
	September 30, 2000	March 31, 2000	September 30, 1999
The amount corresponding to acquisition cost	¥1,126	¥1,197	¥1,108
The amount corresponding to accumulated depreciation	718	717	607
<u>The amount corresponding to net book value</u>	<u>¥408</u>	<u>¥480</u>	<u>¥501</u>

(2) The amount corresponding to future lease payments

	Millions of Yen		
	<u>September 30, 2000</u>	<u>March 31, 2000</u>	<u>September 30, 1999</u>
Within one year	¥194	¥210	¥189
Over one year	213	269	312
Total	¥408	¥480	¥501

(3) Lease expenses (the amount corresponding to depreciation expenses)

¥136	¥278	¥140
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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.

(Additional information)

1. Accounting for retirement benefits

Effective April 1, 2000, the Company adopted "Accounting for retirement benefits".

The Company contributed certain marketable equity securities to retirement benefits trust and recognized gain of ¥5,234 million as "Gain on transfer of securities to retirement benefits trust" in the Non-consolidated income statement.

The adoption of new accounting standards for retirement benefits resulted in the increase in pension and severance costs by ¥14,879 million, "Ordinary income" by ¥91 million and in the decrease in "Income before income taxes" by ¥9,650 million.

2. Accounting for financial instruments

Effective April 1, 2000, the Company adopted "Accounting for financial instruments". The effect of this adoption is insignificant.

3. Accounting for transaction in foreign currencies

Effective April 1, 2000, the Company adopted "Accounting for transaction in foreign currencies". The effect of this adoption is insignificant.

(Securities)

Market value of investments in capital stock of subsidiaries and affiliates

	<u>Book value per balance sheet</u>	<u>market value</u>	<u>Unrealized profit</u>
Investments in capital stock of subsidiaries (in millions of yen)	¥10,221	¥31,939	¥21,717

9-3 Non-consolidated Comparison of Net Sales

For the periods ended September 30, 2000 and 1999, and fiscal year ended March 31, 2000

	<u>Millions of Yen</u>			<u>Increase (Decrease)</u>
	<u>For the period ended</u>			
	<u>September 30, 2000</u>	<u>March 31, 2000</u>	<u>September 30, 1999</u>	
Organic Chemicals Department	¥82,663 [37%]	¥163,854 [39%]	¥80,279 [39%]	¥2,384
Inorganic chemicals Department	2,955 [1%]	5,995 [1%]	2,992 [1%]	(37)
Electronics Materials Department	90,718 [40%]	168,334 [40%]	85,298 [41%]	5,420
Functional Materials Department	37,373 [16%]	59,682 [14%]	26,803 [13%]	10,570
International Operations Department	12,879 [6%]	24,641 [6%]	11,458 [6%]	1,421
Total	226,590 [100%]	422,508 [100%]	206,832 [100%]	19,758
[Reference] Export Total	84,345 [37%]	156,372 [37%]	74,063 [36%]	10,282

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