



5. Press Release of non-consolidated Financial Data

For the fiscal year ended March 31, 2005

May 16, 2005

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 current fiscal year ... May 16, 2005
 Scheduled Date for General Meeting of Stockholders: June 29, 2005
 Starting date of cash dividend payment ... June 30, 2005

5-1. Operating Performance for the Current Fiscal Year

(From April 1, 2004 to March 31, 2005)

(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>Current fiscal year</u> <u>2004/4-2005/3</u>	<u>Prior fiscal year</u> <u>2003/4-2004/3</u>
Net sales	520,289	482,580
Ratio of increase (decrease) over the preceding year	7.8%	0.5%
Operating income	63,081	56,073
Ratio of increase (decrease) over the preceding year	12.5%	(9.6%)
Ordinary income	62,030	58,065
Ratio of increase (decrease) over the preceding year	6.8%	(6.4%)
Net income	39,020	34,725
Ratio of increase (decrease) over the preceding year	12.4%	(6.2%)
Net income per share (in yen)	91.73	82.25
Diluted net income per share (in yen)	90.58	80.57
Ratio of net income over total stockholders' equity	6.9%	6.6%
Ratio of ordinary income over total assets employed	8.1%	8.1%
Ratio of ordinary income over net sales	11.9%	12.0%
(Notes)		
1. Average number of shares outstanding (in shares)	423,518,768	420,484,380

2. Changes in accounting policies applied : No

(2) Non-consolidated cash dividends

	<u>Current fiscal year</u> <u>2004/4-2005/3</u>	<u>Prior fiscal year</u> <u>2003/4-2004/3</u>
Interim cash dividend per share (in yen)	10.00	8.00
Year-end cash dividend per share (in yen)	10.00	8.00
Total annual cash dividend per share (in yen)	20.00	16.00
Total annual cash dividends paid (millions of yen)	8,509	6,729
Earnings dividend ratio	21.8%	19.5%
Ratio of dividends over total stockholders' equity	1.4%	1.2%

(3) Non-consolidated financial position

	<u>Millions of Yen</u>	
	March 31, <u>2005</u>	March 31, <u>2004</u>
Total assets	777,928	758,820
Total stockholders' equity	588,048	544,266
Equity ratio	75.6%	71.7%
Stockholders' equity per share (in yen)	1,375.02	1,293.30
(Notes)		
Number of shares outstanding (in shares)	427,540,080	420,726,402
Number of treasury stocks	2,578,655	2,072,068

5-2. The Forecast of Non-consolidated Operating Performance for the Fiscal Year ending March 31, 2006 (From April 1, 2005 to March 31, 2006)

	<u>Millions of Yen</u>	
	<u>Six Months</u> <u>2005/4-2005/9</u>	<u>Fiscal year</u> <u>2005/4-2006/3</u>
Net sales	265,000	540,000
Ordinary income	34,000	68,000
Net income	21,500	43,000
Interim cash dividends per share (in yen)	15.00	-
Year-end cash dividends per share (in yen)	-	15.00
Total annual cash dividend per share (in yen)	-	30.00

(Reference)

The forecast of "Net income per share" (for the year ending March 31, 2006) - 100.17 yen per share

(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.

6. Non-consolidated Financial Statements

6-1. Comparative Non-consolidated Balance Sheets

As of March 31, 2005 and 2004

ASSETS	<u>Millions of Yen</u>		
	March 31, 2005	March 31, 2004	Increase (Decrease)
Current Assets:			
Cash on hand and in banks	144,289	135,270	9,019
Notes and accounts receivable -trade	157,705	152,369	5,336
Securities	32,532	47,276	(14,744)
Inventories	39,865	37,838	2,027
Deferred tax assets	13,441	11,590	1,851
Others	51,838	46,160	5,678
Less: Allowance for doubtful accounts	(1,060)	(700)	(360)
Total current assets	<u>438,612</u>	<u>429,805</u>	<u>8,807</u>
Fixed Assets:			
Property, plant and equipment			
Buildings and structures	35,501	36,412	(911)
Machinery, equipment and vehicles	44,896	47,886	(2,990)
Others	25,166	27,137	(1,971)
Total property, plant and equipment	<u>105,563</u>	<u>111,436</u>	<u>(5,873)</u>
Intangible fixed assets	<u>968</u>	<u>1,190</u>	<u>(222)</u>
Investments and others			
Investments in securities	111,271	115,878	(4,607)
Investments in capital stock of subsidiaries and affiliates	102,492	95,441	7,051
Deposits in long-term time deposits	10,000	-	10,000
Others	9,030	5,077	3,953
Less: Allowance for doubtful accounts	(10)	(10)	-
Total investment and others	<u>232,783</u>	<u>216,387</u>	<u>16,396</u>
Total fixed assets	<u>339,315</u>	<u>329,015</u>	<u>10,300</u>
TOTAL ASSETS	<u>777,928</u>	<u>758,820</u>	<u>19,108</u>

	<u>Millions of Yen</u>		
	<u>March 31, 2005</u>	<u>March 31, 2004</u>	<u>Increase (Decrease)</u>
LIABILITIES			
Current Liabilities:			
Notes and accounts payable-trade	93,015	90,228	2,787
Short-term borrowings	14,377	30,979	(16,602)
Convertible debentures of redemption within one year	3,816	-	3,816
Accounts payable-others	14,413	11,685	2,728
Accrued expenses	23,899	20,116	3,783
Accrued income taxes	16,066	17,659	(1,593)
Others	886	2,287	(1,401)
Total current liabilities	<u>166,475</u>	<u>172,956</u>	<u>(6,481)</u>
Long-term Liabilities:			
Convertible debentures	-	17,849	(17,849)
Long-term borrowings	14,957	14,965	(8)
Deferred tax liabilities	7,858	8,505	(647)
Accrued retirement benefits	588	276	312
Total long-term liabilities	<u>23,404</u>	<u>41,596</u>	<u>(18,192)</u>
TOTAL LIABILITIES	<u>189,879</u>	<u>214,553</u>	<u>(24,674)</u>
STOCKHOLDERS' EQUITY			
Common stock	117,513	110,493	7,020
Additional paid-in capital	118,867	111,854	7,013
Retained earnings	351,841	320,606	31,235
Unrealized gain(loss) on available-for-sale securities	10,918	10,531	387
Treasury stocks	(11,091)	(9,219)	(1,872)
TOTAL STOCKHOLDERS' EQUITY	<u>588,048</u>	<u>544,266</u>	<u>43,782</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>777,928</u>	<u>758,820</u>	<u>19,108</u>

6-2. Comparative Non-consolidated Income Statements

For the fiscal year ended March 31, 2005 and 2004

	<u>Millions of Yen</u>		<u>Increase (Decrease)</u>
	<u>For the fiscal year ended</u>		
	<u>March 31, 2005</u>	<u>March 31, 2004</u>	
Operating Income and Expenses:			
Net sales	520,289	482,580	37,709
Cost of sales	424,304	395,402	28,902
Gross profit	95,985	87,177	8,808
Selling, general and administrative expenses	32,904	31,104	1,800
Operating income	63,081	56,073	7,008
Non-operating Income:			
Interest income	311	235	76
Dividend income	2,476	2,318	158
Other income	993	1,860	(867)
	3,782	4,413	(631)
Non-operating Expenses:			
Interest expenses	601	805	(204)
Other expenses	4,231	1,616	2,615
	4,833	2,421	2,412
Ordinary income	62,030	58,065	3,965
Income before income taxes	62,030	58,065	3,965
Income taxes-Current	25,770	22,990	2,780
Income taxes-Deferred	(2,760)	350	(3,110)
Net income	39,020	34,725	4,295
Retained earnings at beginning of year	7,455	6,687	768
Interim cash dividend	4,234	3,363	871
Loss on disposal of treasury stocks	42	28	14
Unappropriated retained earnings	42,198	38,019	4,179

(Notes)

1. Significant Accounting Policies

(1) Valuation of securities:

Bonds held to maturity	Amortized cost method (straight-line method)
Investment in capital stock of subsidiaries and affiliates	Moving average cost method
Available-for-sale securities		
Marketable securities	Market price method based on the fair market value as of the date of balance sheet. (Any balances resulting from valuation of securities shall directly be entered into capital accounts, while any costs of sales of marketable securities shall be calculated based on a moving average cost method)
Non-marketable securities	Moving average cost method

(2) Valuation of inventories: Average cost method

(3) Depreciation of property, plant and equipment:

Basic method: Declining-balance method

(Straight-line method is applied to Polyvinyl chloride equipment among its machinery and equipment, Electrolytic Equipment and Buildings (excluding attached facilities) acquired after April 1st, 1998.)

(4) Calculation method of allowances

Allowance for doubtful accounts:

The company provides the allowance for doubtful accounts by the method which uses the percentage of its own actual experience of bad debt loss written off against the balance of total receivables plus the amount deemed necessary to cover individual accounts estimated to be uncollectible.

Accrued retirement benefits:

Pension and severance costs for employees are accrued based on the estimates of the pension obligations and the plan assets at the end of current fiscal year.

The actuarial difference is amortized over five-year period, which is within the average remaining service period, using straight-line method from the fiscal year when the difference was generated.

The prior cost is amortized over ten-year period, which is within the average remaining service period, using straight-line method from the time when the difference cost was generated.

	<u>Millions of Yen</u>	
	<u>March 31, 2005</u>	<u>March 31, 2004</u>
2. Accumulated depreciation of tangible Property, Plant and Equipment	318,899	318,403
3. Contingent liabilities for guarantee	5,130	5,197

(Lease Transactions)

According to disclosure through EDINET, detailed information about lease transactions is being omitted from this report.

(Securities)

Investments in capital stock of subsidiaries and affiliates with market quotation

	<u>Millions of Yen</u>	
	March 31, 2005	March 31, 2004
Book value	10,221	10,221
Market value	34,217	27,468
Unrealized difference	23,995	17,246

(Deferred Tax)

1. Factors of deferred tax assets and liabilities

	<u>Millions of Yen</u>	
	March 31, 2005	March 31, 2004
Deferred Tax Assets		
Unsettled accounts receivable and payable	5,044	4,859
Depreciation	3,015	2,042
Maintenance cost	2,095	1,106
Accrued bonus allowance	1,676	1,608
Accrued enterprise taxes	855	1,196
Special provision for retirement benefits costs	166	107
Others	5,359	4,215
Deferred Tax Assets sub-total	18,213	15,136
Valuation allowance	(2,455)	(2,455)
Total	15,757	12,680
Deferred Tax Liabilities		
Unrealized gain on available-for-sale securities	7,400	7,138
Tax allowance for acquisition of fixed assets	1,578	1,754
Reserve for special depreciation	1,184	690
Tax allowance for acquisition of land	12	12
Total	10,175	9,595
Net Deferred Tax Assets	5,582	3,084

2. Reconciliation of the difference between the statutory tax rate and effective rate on taxable income

	March 31, 2005	March 31, 2004
Statutory tax rate	40.4%	Details are omitted as the difference between the statutory tax rate and effective tax rate is less than 5% of the statutory tax rate.
Dividend income not taxable	(1.2)	
Tax deduction for research expenses	(1.5)	
<u>Others, net</u>	<u>(0.6)</u>	
Effective tax rate	37.1	

6-3. Non-consolidated Comparative Proposal for Appropriation of Retained Earnings

	Millions of Yen		
	For the fiscal year ended		Increase (Decrease)
	March 31, 2005	March 31, 2004	
Unappropriated Retained Earnings:			
Balance at year-end	42,198	38,019	4,179
Reversal of reserve for special depreciation	310	193	117
Reversal of reserve for deferred profit on sale of fixed assets	260	292	(32)
Total	42,768	38,506	4,262
Appropriations :			
Transfer to legal earned reserve			
Cash dividends	4,275	3,365	910
	(10.00yen per share)	(8.00yen per share)	
Directors' and statutory auditors' bonuses [Statutory Auditors' bonuses]	171 [8]	142 [7]	29 [1]
Transfer to reserve for special depreciation	1,038	542	496
Transfer to reserve for unspecified purposes	28,000	27,000	1,000
Unappropriated retained Earnings : Balance to be carried forward	9,283	7,455	1,828

(Note) Interim cash dividend

The Company declared and paid interim cash dividends of 4,234 millions of yen (10.00yen per share) on November 18, 2004, and 3,363 millions of yen (8.00yen per share) on November 18, 2003, respectively.

6-4. Change in Management Officers (As of June 29, 2005)

1. Candidates nominated for appointment to Director

Director in charge of Purchasing General Manager of International Division

Mr. Koji Takasugi

[Current General Manager of International Division]

Director General Manager of Finance & Accounting Department

Mr. Toshiyuki Kasahara

[Current General Manager of Finance & Accounting Department]

Director in charge of Semiconductor Materials

Mr. Hidenori Onezawa

[Current Managing Director of Shin-Etsu Handotai Co., Ltd.]

2. Candidate nominated as Statutory Auditor

Statutory Auditor (Non full-time)

Mr. Taku Fukui*

[Current Partner of Kashiwagi Sogo Law offices and Professor of KEIO Law School]

*NOTE: External Statutory Auditor to satisfy the qualification prescribed in Section 1, Article 18 of the Law for Special Exceptions to the Commercial Code Concerning Audits, etc., of Kabushiki-Kaisha

3. Directors scheduled to resign

Senior Managing Director in charge of Silicone and Organic Chemicals

Mr. Hiroaki Tsubokura

(Counselor)*

*NOTE: () represents his new position scheduled to be appointed.

4. Statutory Auditor scheduled to resign

Statutory Auditor

Mr. Tasuku Takagaki

5. Other changes

<u>Name</u>	<u>New title and duties</u>	<u>Current title and duties</u>
Mr. Yasuhiko Saitoh	Senior Managing Director In charge of Office of the President, Public Relations, Finance & Accounting and Legal Affairs	Managing Director In charge of Office of the President, Public Relations, Finance & Accounting and Legal Affairs
Mr. Kiichi Habata	Managing Director In charge of Silicone and Environmental Control & Safety	Director In charge of Environmental Control & Safety General Manager, Gunma Complex, Isobe Plant, and Matsuida Plant
Mr. Yoshiaki Ono	Managing Director General Manager, Silicone-Electronics Materials Research Center, R&D and Patent Dept. and New Products Dept.	Director General Manager, Silicone-Electronics Materials Research Center, R&D and Patent Dept. and New Products Dept.