

## 5. Press Release of non-consolidated Financial Data



For the six months ended September 30, 2005

October 24, 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.)  
Director, 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 24, 2005  
Starting date of interim cash dividend payment ... November 18, 2005

### 5-1. Operating Performance for the First Half of the Current Fiscal Year

(From April 1, 2005 to September 30, 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>Six months</u> <u>2005/4 - 2005/9</u>	<u>Six months</u> <u>2004/4 - 2004/9</u>	<u>Prior fiscal year</u> <u>2004/4 - 2005/3</u>
Net sales	276,079	256,081	520,289
Ratio of increase (decrease) over the first half of the prior year	7.8%	7.5 %	
Operating income	35,611	31,566	63,081
Ratio of increase (decrease) over the first half of the prior year	12.8%	10.1 %	
Ordinary income	36,027	31,043	62,030
Ratio of increase (decrease) over the first half of the prior year	16.1%	7.0 %	
Net income	22,787	19,543	39,020
Ratio of increase (decrease) over the first half of the prior year	16.6%	9.5 %	
Net income per share (in yen)	53.14	46.41	91.73
(Notes)			
1. Average number of shares issued (in shares)	428,836,397	421,103,701	423,518,768
2. Changes in accounting policies applied : No			

## (2) Non-consolidated cash dividends

	<u>Six months</u> <u>2005/4-2005/9</u>	<u>Six months</u> <u>2004/4-2004/9</u>	<u>Prior fiscal year</u> <u>2004/4-2005/3</u>
Interim cash dividend per share (in yen)	17.50	10.00	-
Total annual cash dividend per share (in yen)	-	-	20.00

## (3) Non-consolidated financial position

	<u>Millions of Yen</u>		
	<u>September 30,</u> <u>2005</u>	<u>September 30,</u> <u>2004</u>	<u>March 31,</u> <u>2005</u>
Total assets	823,718	757,029	777,928
Total stockholders' equity	618,651	562,646	588,048
Equity ratio	75.1%	74.3%	75.6%
Stockholders' equity per share (in yen)	1,440.21	1,328.73	1,375.02
(Notes)			
Number of shares issued (in shares)	429,558,242	423,447,630	427,540,080
Number of treasury stocks	2,548,451	2,611,131	2,578,655

## **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>Fiscal year</u> <u>2005/4 - 2006/3</u>
Net sales	550,000
Ordinary income	72,000
Net income	45,000
Total annual cash dividend per share (in yen) (Including 17.5 yen year-end cash dividend per share)	35.00

### (Reference)

The forecast of "Net income per share"  
(for the year ending March 31, 2006 ) 104.36 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 September 30, 2005, March 31, 2005 and September 30, 2004.

Millions of Yen

ASSETS	September 30, 2005 (A)	March 31, 2005 (B)	September 30, 2004	Increase (Decrease) (A-B)
Current Assets:				
Cash and time deposits	147,445	144,289	132,711	3,156
Notes and accounts receivable-trade	164,856	157,705	158,822	7,151
Securities	36,126	32,532	43,453	3,594
Inventories	40,958	39,865	36,252	1,093
Deferred taxes, current	14,830	13,441	11,698	1,389
Short-term loan	32,517	28,358	28,386	4,159
Others	25,718	23,479	20,429	2,239
Less: Allowance for doubtful accounts	(1,160)	(1,060)	(910)	(100)
Total current assets	<u>461,291</u>	<u>438,612</u>	<u>430,843</u>	<u>22,679</u>
Fixed Assets:				
Property, plant and equipment				
Buildings and structures	34,966	35,501	36,038	(535)
Machinery and equipment	43,509	44,896	47,317	(1,387)
Others	27,559	25,166	25,989	2,393
Total property, plant and equipment	<u>106,035</u>	<u>105,563</u>	<u>109,346</u>	<u>472</u>
Intangible fixed assets	<u>946</u>	<u>968</u>	<u>1,029</u>	<u>(22)</u>
Investments and other assets				
Investments in securities	121,610	111,271	115,346	10,339
Investments in capital stocks of subsidiaries and affiliates	114,425	102,492	95,441	11,933
Long-term loans	10,000	10,000	-	-
Others	9,418	9,030	5,032	388
Less: Allowance for doubtful accounts	(10)	(10)	(10)	-
Total investments and other assets	<u>255,444</u>	<u>232,783</u>	<u>215,809</u>	<u>22,661</u>
Total fixed assets	<u>362,426</u>	<u>339,315</u>	<u>326,185</u>	<u>23,111</u>
<b>TOTAL ASSETS</b>	<u><b>823,718</b></u>	<u><b>777,928</b></u>	<u><b>757,029</b></u>	<u><b>45,790</b></u>

Millions of Yen

	September 30, 2005 (A)	March 31, 2005 (B)	September 30, 2004	Increase (Decrease) (A-B)
<b>LIABILITIES</b>				
<b>Current Liabilities:</b>				
Notes and accounts payable-trade	109,200	93,015	96,899	16,185
Short-term borrowings	13,283	14,377	16,420	(1,094)
Convertible debentures of redemption within one year	-	3,816	11,599	(3,816)
Accounts payable-others	13,133	14,413	12,878	(1,280)
Accrued expenses	22,473	23,899	19,425	(1,426)
Accrued income taxes	17,195	16,066	13,651	1,129
Others	2,975	886	1,236	2,089
Total current liabilities	<u>178,263</u>	<u>166,475</u>	<u>172,110</u>	<u>11,788</u>
<b>Long-term Liabilities:</b>				
Long-term borrowings	13,755	14,957	14,962	(1,202)
Deferred taxes, non-current	12,327	7,858	6,823	4,469
Accrued retirement benefits	719	588	486	131
Total long-term liabilities	<u>26,802</u>	<u>23,404</u>	<u>22,272</u>	<u>3,398</u>
<b>TOTAL LIABILITIES</b>	<u>205,066</u>	<u>189,879</u>	<u>194,382</u>	<u>15,187</u>
<b>STOCKHOLDERS' EQUITY</b>				
Common stock	119,419	117,513	113,619	1,906
Additional paid-in capital	120,771	118,867	114,977	1,904
Retained earnings	370,112	351,841	336,609	18,271
Unrealized gain on available-for-sale securities	19,282	10,918	8,673	8,364
Less: Treasury stocks, at cost	<u>(10,934)</u>	<u>(11,091)</u>	<u>(11,233)</u>	<u>157</u>
<b>TOTAL STOCKHOLDERS' EQUITY</b>	<u>618,651</u>	<u>588,048</u>	<u>562,646</u>	<u>30,603</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<u>823,718</u>	<u>777,928</u>	<u>757,029</u>	<u>45,790</u>

## **6-2 Comparative Non-consolidated Income Statements**

For the six months period ended September 30, 2005 and 2004, and the fiscal year ended March 31, 2005.

### Millions of Yen

	For the period ended			Increase (Decrease) (A-B)
	September 30, 2005 (A)	March 31, 2005	September 30, 2004 (B)	
Operating Income and Expenses:				
Net sales	276,079	520,289	256,081	19,998
Cost of sales	223,960	424,304	208,517	15,443
Gross profit	52,118	95,985	47,564	4,554
Selling, general and administrative expenses	16,507	32,904	15,997	510
Operating income	35,611	63,081	31,566	4,045
Non-operating Income:				
Interest income	195	311	151	44
Dividend income	2,238	2,476	2,175	63
Other income	564	993	514	50
	2,998	3,782	2,841	157
Non-operating Expenses:				
Interest expenses	237	601	331	(94)
Other expenses	2,343	4,231	3,033	(690)
	2,581	4,833	3,364	(783)
Ordinary income	36,027	62,030	31,043	4,984
Income before income taxes	36,027	62,030	31,043	4,984
Income taxes-Current	15,830	25,770	12,030	3,800
Income taxes-Deferred	(2,590)	(2,760)	(530)	(2,060)
Net income	22,787	39,020	19,543	3,244
Retained earnings at beginning of year	9,283	7,455	7,455	1,828
Interim cash dividend	-	4,234	-	-
Loss on disposal of treasury stocks	70	42	31	39
Unappropriated retained earnings	32,000	42,198	26,966	5,034

(Notes)

	Millions of Yen		
	September 30, 2005	March 31, 2005	September 30, 2004
1. Accumulated depreciation of property, plant and equipment	326,521	318,899	310,788
2. Contingent liabilities for guarantee	5,172	5,130	5,436
3. Depreciation of tangible and intangible fixed assets	8,993	20,983	9,297
4. The accounting standards for impairment of fixed assets			

On August 9, 2002, the Business Accounting Council of Japan issued new accounting standards entitled "Statement of Opinion on the Establishment of Accounting Standards for impairment of Fixed Assets". Further, on October 31, 2003, the Accounting Standards Boards of Japan issued Financial Accounting Standards Implementation Guidance No 6 "Application Guidance on Accounting Standards for impairment on Fixed Assets". These new standards have been adopted from the first half of the current fiscal year.

As a result of adopting these new accounting standards, "Other Expenses" in "Non-operating Expenses" for the first half of the fiscal year increased by ¥316 million, and "Ordinary income" and "Income before income taxes" decreased by the same amount. Accumulated impairment losses are directly credited from the related assets under the new rules of The Presentation of Interim Presenting Financial Statements.

#### **(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

(Subsidiaries)

	Millions of Yen		
	September 30, 2005	March 31, 2005	September 30, 2004
Book value	10,221	10,221	10,221
Market value	47,070	34,217	26,350
Unrealized difference	36,848	23,995	16,129

(Affiliated companies)

	Millions of Yen		
	September 30, 2005	March 31, 2005	September 30, 2004
Book value	11,933	-	-
Market value	12,567	-	-
Unrealized difference	634	-	-