

Press Release



**Financial Results for the fiscal year ended March 31, 2009**

**Shin-Etsu Chemical Co., Ltd.**

April 28, 2009

Listing Code: No. 4063 (URL: <http://www.shinetsu.co.jp/>)  
Listing Stock Exchange: Tokyo, Osaka and Nagoya  
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Date of the annual shareholder's meeting ..... June 26, 2009  
Date of the filing of the consolidated financial statements ..... June 30, 2009  
Date of year-end dividend payout ..... June 29, 2009

Amounts are stated in millions of yen by discarding fractional amounts less than 1 million.  
Percentage figures indicate changes over previous corresponding fiscal year.

**1. Consolidated Operating Performance for the Fiscal Year ended March 31, 2009**

(From April 1, 2008 to March 31, 2009)

**(1) Results of Consolidated operations**

(Millions of Yen)

	Net sales		Operating income		Ordinary income		Net income	
April 2008 – March 2009	1,200,813	(12.8%)	232,927	(18.9%)	250,533	(16.5%)	154,731	(15.7%)
April 2007 – March 2008	1,376,364	5.5%	287,145	19.1%	300,040	21.5%	183,580	19.2%

	Net income per share (in yen)	Diluted net income per share (in yen)	Ratio of net income to stockholders' equity	Ratio of ordinary income to total assets	Ratio of operating income to net sales
April 2008 – March 2009	362.39	362.35	11.0%	13.9%	19.4%
April 2007 – March 2008	426.63	426.35	13.3%	15.9%	20.9%

(Note) Equity in earnings of affiliates (Millions of Yen) April 2008-March 2009 : 12,441 April 2007-March 2008 : 14,117

**(2) Consolidated financial position**

(Millions of Yen)

	Total assets	Net assets	Stockholders' equity ratio	Net assets per share (in yen)
March 31, 2009	1,684,944	1,407,353	81.1%	3,218.28
March 31, 2008	1,918,544	1,483,669	75.0%	3,344.17

(Note) Stockholders' equity (Millions of Yen) As of March 31, 2009 : 1,366,061 As of March 31, 2008 : 1,438,797  
Stockholders' equity used for the calculation of indices is Net assets excluding both Share subscription rights and Minority interests in consolidated subsidiaries.

**(3) Consolidated statement of cash flows**

(Millions of Yen)

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash & Cash Equivalents at end of fiscal year
April 2008 – March 2009	256,579	(200,790)	(80,084)	251,044
April 2007 – March 2008	202,413	(248,626)	(53,534)	301,619

**2. Cash dividends**

	Cash dividend per share (in Yen)					Total annual cash dividend paid (in millions of Yen)	Dividend payout ratio	Ratio of dividend payout to net assets
	1 <sup>st</sup> quarter	2 <sup>nd</sup> quarter	3 <sup>rd</sup> quarter	4 <sup>th</sup> quarter	Fiscal year			
April 2007 – March 2008	-	40.00	-	50.00	90.00	38,713	21.1%	2.8%
April 2008 – March 2009	-	50.00	-	50.00	100.00	42,595	27.6%	3.0%
April 2009 – March 2010 (forecast)	-	-	-	-	-	-	-	-

**3. The Forecast of Consolidated Operating Performance for the Fiscal Year ended March 31, 2010**

(From April 1, 2009 to March 31, 2010)

With regard to the business forecast for the fiscal year ending March 2010, we made a judgment that it is quite difficult to appropriately calculate forecast figures at this point, and in this announcement of the Shin-Etsu Group's results of operations in FY 2009 we have decided not to issue a forecast.

For more information about the company's decision, please see "1. Results of Operation and Financial Position, (1) Results of Operations, 3) Business Prospects" on page 4.

#### **4. Other information**

(1) **Changes in significant subsidiaries which affected the scope of consolidation during the current fiscal year:** No

(2) **Changes of accounting policies applied, procedures and disclosures for presenting consolidated financial statement**

Changes by revision of accounting standard : Yes

Changes other than the above : No

(Note) Please see “4-6. Changes in Basis of Presenting Consolidated Financial Statements” on page 14 for further details.

(3) **Number of shares outstanding (in shares)**

	March 31, 2009	March 31, 2008
Number of shares outstanding at year end	432,106,693	432,106,693
Number of treasury stocks at year end	7,636,973	1,865,726

(Note) Please see the “Per share information” on page 24 regarding the weighted-average number of shares outstanding, which is the basis for the calculation of consolidated net income per share.

#### **(Reference) Summary of Non-consolidated Financial Results**

##### **1. Non-consolidated Operating Performance for the Fiscal Year ended March 31, 2009**

(From April 1, 2008 to March 31, 2009)

##### **(1) Results of non-consolidated operations**

(Millions of Yen)

	Net sales		Operating income		Ordinary income		Net income	
April 2008 – March 2009	606,722	(14.4%)	78,440	(4.3%)	93,952	1.5%	63,984	27.4%
April 2007 – March 2008	708,580	1.6%	81,931	0.9%	92,528	15.6%	50,229	(1.7%)

	Net income per share (in yen)	Diluted net income per share (in yen)
April 2008 – March 2009	149.86	149.84
April 2007 – March 2008	116.73	116.66

##### **(2) Non-consolidated financial position**

(Millions of Yen)

	Total assets	Net assets	Stockholders' equity ratio	Net assets per share (in yen)
March 31, 2009	770,762	651,765	84.3%	1,530.36
March 31, 2008	853,936	669,105	78.2%	1,551.95

(Note) Stockholders' equity (Millions of Yen) As of March 31, 2009 : 649,593 As of March 31, 2008 : 667,712  
Stockholders' equity used for the calculation of indices is Net assets excluding Share subscription rights.

(Note)

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. dollars and the yen; provided, however, that such factors as may affect results of operations are not limited to those enumerated above.

## **1. Results of Operations and Financial Position**

### **(1) Results of Operations**

#### **1) General Overview**

The business environment that surrounded the Shin-Etsu Group during FY 2009 (April 1, 2008 to March 31, 2009) became quite severe. During the first half of the year, raw materials prices, starting with crude oil, remained at a high level and in the second half of the year, due to the financial crisis stemming from the U.S., the world economy rapidly worsened. With regard to the Japanese economy, although at the beginning of the fiscal year it remained strong, from the latter part of the fiscal year, due to the decline in demand on a global level, corporate earnings experienced a sharp downturn and the condition of the economy turned into a serious situation, which was clearly indicated by such things as the fall in the employment rate.

Under these circumstances, the Shin-Etsu Group has conducted aggressive sales activities aimed at its wide range of worldwide customers, while at the same time it has earnestly carried out rationalization and streamlining of its businesses and the development and commercialization of new products. We are also making strenuous efforts in all of our operations to always assure that our utmost priorities are put on safety-first and environmental protection.

As a result, the consolidated business results for the FY 2009 show that net sales decreased by 12.8% (¥175,551 million) compared to the previous fiscal year to become ¥1,200,813 million. Compared to the performance of the previous fiscal year, operating income decreased 18.9% (¥54,218 million) to ¥232,927 million, ordinary income decreased 16.5% (¥49,507 million) to ¥250,533 million and net income decreased 15.7% (¥28,849 million) to ¥154,731 million.

#### **2) Business Segment Overview**

##### **Organic and inorganic chemicals**

###### **PVC**

Although the housing market continued to be weak, by making strong sales efforts aimed at its worldwide customers, Shintech in the U.S. maintained a high level of operations and increased its profit greatly.

In addition, Shin-Etsu PVC in The Netherlands maintained strong sales in Europe. On the other hand, the PVC business in Japan continued in a tough situation, with weakness in shipments heavily influenced by the sluggishness in demand.

###### **Silicones**

Although during the first half of the fiscal year, sales in such application fields as automobiles and information technology equipment remained firm, from the latter half of the fiscal year, in the wide range of fields demand deteriorated and the performance of the business fell below that of the previous fiscal year. The business of keypads for mobile phones supplied by Shin-Etsu Polymer Co., Ltd. experienced a sharp downturn as a result of intensified price competition and a decrease in shipments.

###### **Other Products**

The cellulose derivatives business was strong, mainly as a result of the performance of cellulose applications for pharmaceutical products in Japan. However, the business results of SE Tylose in Germany were sluggish because of the decreased demand for construction materials. The metallic silicon business did well, buoyed by a price rise for the product.

As a result, the net sales of this business segment decreased 10.2% (¥71,828 million) compared to the previous fiscal year to ¥629,174 million. Operating income also decreased 4.4% (¥4,339 million) to ¥95,142 million.

## **Electronics Materials**

### **Semiconductor silicon**

For the first half of the fiscal year, this business continued to be firm, centering on 300mm wafers. However, from the latter half of the fiscal year, with the rapid decrease in demand for semiconductor devices in a wide number of fields, the results of this business fell below that of the previous fiscal year.

### **Other Products**

Sales of rare earth magnets for the electronics industry continued to be weak as a consequence of the effects of manufacturing adjustments of hard disk drives for PCs. Shipments of photoresists products and organic materials for the electronics industry also did not do well. The results of this business fell below that of the previous fiscal year.

As a result, the net sales of this business segment decreased 17.2% (¥97,176 million) compared to the previous fiscal year to ¥467,520 million. Operating income decreased 30.8% (¥49,866 million) to ¥112,234 million.

## **Functional Materials and Others**

### **Synthetic quartz**

With regard to synthetic quartz, although sales of optical fiber preform continued to be strong with the increase in demand coming as a result of expanding worldwide volume of data communications, sales of large-size photomask substrates used for LCDs remained weak due to a decline in demand and continued market sluggishness.

### **Rare earth magnets and other functional materials**

Sales of rare earth magnets for general industrial use were good in the first half of the fiscal year for such applications as in energy-saving motors for air-conditioners. However, from the latter half of the fiscal year, demand declined mainly for such applications as optical pickups and FA motors, and the results of this business were sluggish. Sales of liquid fluoroelastomers stagnated, but shipments of pellicles continued to be favorable.

As a result, the net sales of this business segment decreased 5.9% (¥6,547 million) compared to the previous fiscal year to ¥104,118 million. Operating income decreased 1.1% (¥288 million) to ¥25,724 million.

## **3) Business Prospects**

With regard to business prospects going forward, the situation regarding the severe downturn in the world economy is getting more serious, and in Japan, there is concern that personal consumption will continue to be weak due to decreasing facility investments as well as a worsening in the employment situation. Thus, a quite severe business environment is expected to continue during the current fiscal year.

Under these circumstances, in order to overcome the effects of the severe business environment facing us, the Shin-Etsu Group will continue to make all-out efforts through such means as accurately grasping market changes and developing aggressive sales activities toward our customers worldwide. In addition, we will focus on further strengthening our world's highest-level technologies and product quality and on improving productivity, and we will strive to build an even stronger business foundation for the future.

Rapid changes in the market environment in a wide range of business fields are continuing globally, and this turmoil is particularly affecting Shin-Etsu's main customers, such as the electronic/electric industry and automobile industry. Thus, with regard to the business forecast for the fiscal year ending March 2010, we made a judgment that it is quite difficult to appropriately calculate forecast figures at this point, and in this announcement of the Shin-Etsu Group's results of operations in FY 2009 we have decided not to issue a forecast.

## (2) Financial position Overview

### 1) Status of assets, liabilities and net assets

At the end of FY2009, total assets decreased by ¥233,600 million compared to that at the end of FY2008 (April 1, 2007 to March 31, 2008), to become ¥1,684,944 million. This decline was mainly due to a decrease in the yen-translated sum of the total assets held by the overseas consolidated subsidiaries caused by the appreciation of the yen.

Total liabilities decreased by ¥157,284 million, compared to that at the end of FY2008, to become ¥277,591 million. This decline was mainly due to a decrease in accounts payable, other accounts payable for construction of facilities.

Retained earnings increased due to ¥154,731 million in net income; however, total net assets decreased by ¥76,316 million compared to that at the end of FY2008, to become ¥1,407,353 million. This decline was mainly due to a decrease of valuation and translation adjustments as a result of the appreciation of the yen.

The stockholders' equity ratio increased by 6.1 percentage points to 81.1% from 75.0% at the end of previous fiscal year.

### 2) Status of cash flows

	<u>Millions of Yen</u>		
	April 2008 - March 2009 (A)	April 2007 - March 2008 (B)	Increase (Decrease) (A-B)
Cash and cash equivalents at beginning of fiscal year	301,619	404,532	(102,913)
Cash flows from operating activities	256,579	202,413	54,166
Cash flows from investing activities	(200,790)	(248,626)	47,836
Cash flows from financing activities	(80,084)	(53,534)	(26,550)
Effect of foreign exchange and others	(26,278)	(3,165)	(23,113)
Net increase (decrease) in cash and cash equivalents	(50,574)	(102,913)	52,339
Cash and cash equivalents at end of fiscal year	251,044	301,619	(50,575)

The balance of cash and cash equivalents at the end of the FY 2009 decreased by 16.8% (¥50,574 million) compared to that at the end of previous fiscal year, to become ¥251,044 million.

#### Cash flows from operating activities

Net cash provided by operating activities amounted to ¥256,579 million, which was ¥54,166 million greater than that of the previous fiscal year. This mainly consisted of ¥244,485 million of income before income taxes, ¥119,457 million of depreciation and amortization, ¥91,656 million of income tax payment, ¥20,782 million of increase in inventories and others.

#### Cash flows from investing activities

Net cash used for investing activities amounted to ¥200,790 million, which was ¥47,836 million smaller than that of the previous fiscal year. This result was mainly due to ¥189,696 million of expenditures for the purchases of tangible fixed assets.

#### Cash flows from financing activities

Net cash used for financing activities amounted to ¥80,084 million, which was ¥26,550 million greater than that of the previous fiscal year. This result was mainly due to ¥42,884 million in cash dividends paid and ¥29,938 million of the purchase of treasury stock.

**(Reference)**  
**The trend of cash flow indices**

	For the fiscal year ended				
	March 31, 2009	March 31, 2008	March 31, 2007	March 31, 2006	March 31, 2005
Stockholders' equity ratio (%)	81.1	75.0	71.0	70.2	67.5
Stockholders' equity ratio on market value basis (%)	120.2	115.5	166.5	164.7	117.6
Debt repayment ratio (%)	9.2	16.8	16.6	38.0	67.9
Interest coverage ratio	148.3	86.0	103.5	78.5	57.2

- (Notes)- Stockholders' equity ratio: stockholders' equity/total assets  
Stockholders' equity used for the calculation of indices is Net assets, excluding both Share subscription rights and Minority interests in consolidated subsidiaries
- Stockholders' equity ratio on market value basis: aggregate market value of common stock/Total Assets
  - Debt repayment ratio: interest-bearing liabilities/cash flows from operating activities
  - Interest coverage ratio: cash flows from operating activities/interest payments
1. All indices based on consolidated financial figures.
  2. Aggregate market value of common stock is calculated by multiplying the market price at the end of each fiscal year by the number of outstanding shares, excluding Treasury stock, at the end of each fiscal year.
  3. Interest-bearing liabilities include all liabilities on the consolidated balance sheets that incur interest.

**(3) Basic policy concerning profit-sharing**

Taking a long-term perspective, Shin-Etsu will focus on expanding company earnings and strengthening the make-up of the Group's structure as well as on sharing the results of such successful management efforts. It is our basic policy to distribute dividends so as to appropriately reward all of our shareholders. The company will use its financial reserves for such needs as facility and R&D investment, acquisition of businesses, strengthening the company's global competitive power and developing promising future businesses. Shin-Etsu is making strenuous efforts to enhance the company's value.

In line with this policy, we are planning a year-end dividend for FY 2009 of ¥50 per share, the same as the interim dividend of ¥50. With this announcement, the dividend for FY2009 will become ¥100 per share, which increased by ¥10, compared to the annual dividend ¥90 paid out during the previous fiscal year.

The dividend for shareholders in FY2010 is uncertain.

**2. Corporate Overview**

There have been no significant changes after the release of the last financial report filed on June 30, 2008. Thus, we are omitting in this report the table about the "Shin-Etsu Group's Business Activities" and the flowchart concerning "Business Flows Within the Group".

### **3. Management Policies**

#### **(1) Basic management policies**

The Shin-Etsu Group makes safety its utmost priority in each and every instance, and by performing fair corporate activities and by providing key materials and technologies, we contribute to people's daily lives, industry and society. Through these contributions, we aim to meet the expectations of all shareholders by enhancing the worth of the company. Towards this end, our management policy is to establish the world's best technology and product quality while, at the same time, continuing with unceasing improvement in productivity. We endeavor to build a stable business relationship with our customers around the world, and strive to appropriately respond to changes in the market and the economic situation.

#### **(2) Policy implementation**

In the PVC business, Shintech in the U.S. is constructing integrated manufacturing facilities from electrolysis to PVC. The first-phase of the construction work has been completed, and this facility has begun operation. In Europe as well, in order to strengthen the business base of Shin-Etsu PVC B.V. in The Netherlands, we are going forward with the process of making CIRES in Portugal a 100%-owned Shin-Etsu Group company. In the future, by fully making use of our tri-polar production base system of Japan, U.S. and Europe, we will further solidify Shin-Etsu's position as the world's largest PVC maker.

In the silicone business, by utilizing the diverse characteristics of silicone products, which are in demand for a wide range of application fields, we will promote the development of new products and new applications. At the same time, we will strive to further improve the productivity of each of our silicone plants in Japan, Thailand, the U.S. and other facilities and will strengthen this business not only in Japan but also globally.

In the semiconductor silicon business, by accurately anticipating demand trends for 300mm silicon wafers, Shin-Etsu, as the largest silicon wafer manufacturer in the world, will stably supply high quality products. For silicon wafers up to 200mm, Shin-Etsu will focus on strengthening its competitive power by increasing the added value of our products and further differentiating them from those of other companies in applications for specialized uses.

In the rare earth magnet business, by utilizing our new rare earth separation and refinement facility, we will strive to improve further productivity, and at the same time, we will carry out sales expansion centering around applications for hybrid cars, for which demand is expected to increase.

In the cellulose business, in order to establish stable supply of pharmaceutical products, we are proceeding with the construction of manufacturing facilities at SE Tylose in Germany. With our bi-polar production system combining our bases in Japan and Germany, Shin-Etsu will continue to make further efforts to strengthen this business.

Moreover, to expand our business, Shin-Etsu will make strenuous efforts with regard to the R&D and commercialization of new products and we will also cultivate new businesses, including through M&A activities.

At the same time, Shin-Etsu will continue to fulfill its corporate social responsibilities through such basic policies as putting our utmost priority on safety, vigorously promoting environmental conservation and strictly following compliance procedures, and we will continue to strive to maximize the worth of our company.

## **4. Consolidated Financial Statements**

### **4-1. Comparative Consolidated Balance Sheets**

As of March 31, 2009 and 2008

	<u>Millions of Yen</u>		
	March 31, 2009 (A)	March 31, 2008 (B)	Increase (Decrease) (A-B)
<b>ASSETS</b>			
Current Assets:			
Cash and time deposits	209,541	217,265	(7,724)
Notes and accounts receivable-trade	215,842	313,943	(98,101)
Securities	111,878	184,519	(72,641)
Inventories	208,109	204,336	3,773
Deferred taxes, current	36,098	30,187	5,911
Other	37,084	71,798	(34,714)
Less: Allowance for doubtful accounts	(2,627)	(4,726)	2,099
Total current assets	<u>815,926</u>	<u>1,017,325</u>	<u>(201,399)</u>
Fixed Assets:			
Property, plant and equipment			
Buildings and structures	161,392	180,566	(19,174)
Machinery and equipment	294,007	240,671	53,336
Land	62,574	62,919	(345)
Construction in progress	82,853	159,016	(76,163)
Other	8,850	11,469	(2,619)
Total property, plant and equipment	<u>609,678</u>	<u>654,643</u>	<u>(44,965)</u>
Intangible fixed assets	<u>18,253</u>	<u>25,859</u>	<u>(7,606)</u>
Investments and other assets			
Investments in securities	146,893	150,492	(3,599)
Deferred taxes, non-current	34,868	35,011	(143)
Other	59,364	35,232	24,132
Less: Allowance for doubtful accounts	(39)	(19)	(20)
Total investments and other assets	<u>241,086</u>	<u>220,716</u>	<u>20,370</u>
Total fixed assets	<u>869,018</u>	<u>901,219</u>	<u>(32,201)</u>
<b>TOTAL ASSETS</b>	<u>1,684,944</u>	<u>1,918,544</u>	<u>(233,600)</u>



	<u>Millions of Yen</u>		
	March 31, 2009 (A)	March 31, 2008 (B)	Increase (Decrease) (A-B)
<b>LIABILITIES</b>			
Current Liabilities:			
Notes and accounts payable-trade	75,188	149,304	(74,116)
Short-term borrowings	10,872	11,826	(954)
Accounts payable-other	54,055	96,914	(42,859)
Accrued income taxes	11,633	39,463	(27,830)
Accrued expenses	44,682	62,794	(18,112)
Other	12,862	16,344	(3,482)
Total current liabilities	209,294	376,648	(167,354)
Long-term Liabilities:			
Long-term debt	12,817	22,132	(9,315)
Deferred taxes, non-current	37,385	16,973	20,412
Accrued retirement benefits	11,405	11,522	(117)
Other	6,687	7,597	(910)
Total long-term liabilities	68,296	58,226	10,070
<b>TOTAL LIABILITIES</b>	277,591	434,875	(157,284)
<b>NET ASSETS</b>			
Stockholders' Equity:			
Common stock	119,419	119,419	-
Additional paid-in capital	128,177	128,177	-
Retained earnings	1,277,056	1,163,680	113,376
Less: Treasury stock, at cost	(41,613)	(12,217)	(29,396)
Total Stockholders' Equity	1,483,039	1,399,059	83,980
Valuation and translation adjustments			
Unrealized gain on available-for-sale securities	(1,776)	10,695	(12,471)
Foreign currency translation adjustments and others	(115,201)	29,041	(144,242)
Total valuation and translation adjustments	(116,978)	39,737	(156,715)
Share subscription rights	2,446	1,614	832
Minority interests in consolidated subsidiaries			
	38,846	43,257	(4,411)
<b>TOTAL NET ASSETS</b>	1,407,353	1,483,669	(76,316)
<b>TOTAL LIABILITIES AND NET ASSETS</b>	1,684,944	1,918,544	(233,600)

## **4-2. Comparative Consolidated Statements of Income**

For the fiscal year ended March 31, 2009 and 2008

	<u>Millions of Yen</u>		
	April 2008 - March 2009 (A)	April 2007 - March 2008 (B)	Increase (Decrease) (A-B)
Net sales	1,200,813	1,376,364	(175,551)
Cost of sales	853,433	946,940	(93,507)
Gross profit	347,380	429,424	(82,044)
Selling, general and administrative expenses	114,453	142,278	(27,825)
Operating income	232,927	287,145	(54,218)
Non-operating income:			
Interest income	6,650	9,107	(2,457)
Dividend income	1,991	1,365	626
Equity in earnings of affiliates	12,441	14,117	(1,676)
Other income	5,388	5,850	(462)
Total non-operating income	26,472	30,440	(3,968)
Non-operating expenses:			
Interest expenses	1,705	2,323	(618)
Loss on disposal of property, plant and equipment	725	1,431	(706)
Foreign exchange loss	685	3,643	(2,958)
Other expenses	5,748	10,147	(4,399)
Total non-operating expenses	8,866	17,546	(8,680)
Ordinary income	250,533	300,040	(49,507)
Extraordinary income:			
Net gain on insurance	-	2,860	(2,860)
Cumulative effect of foreign subsidiary's accounting change	-	2,553	(2,553)
Gain on sales of land	-	1,575	(1,575)
Reversal of allowance for doubtful accounts	-	1,237	(1,237)
Total extraordinary income	-	8,227	(8,227)
Extraordinary expenses:			
Loss on impairment of fixed assets	4,363	7,197	(2,834)
Loss on write-down investment securities	1,684	-	1,684
Total Extraordinary expenses	6,048	7,197	(1,149)
Income before income taxes	244,485	301,069	(56,584)
Income taxes-current	60,129	100,600	(40,471)
Income taxes-prior years	-	10,878	(10,878)
Income taxes-deferred	28,478	1,190	27,288
Minority interest in earnings of consolidated subsidiaries	1,145	4,820	(3,675)
Net income	154,731	183,580	(28,849)

**4-3. Consolidated Statements of Changes in Net Assets**

For the fiscal year ended March 31, 2009

(Millions of yen)

	Stockholders' Equity					Valuation and translation adjustments			Share subscription rights	Minority Interests in consolidated subsidiaries	Total Net Assets
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	[Total]	Unrealized gain on available-for-sale securities	Foreign currency translation adjustments and others	[Total]			
Balance as of March 31, 2008	119,419	128,177	1,163,680	(12,217)	1,399,059	10,695	29,041	39,737	1,614	43,257	1,483,669
Changes during the current year											
Cash dividends			(42,884)		(42,884)						(42,884)
Net income			154,731		154,731						154,731
Increase in treasury stock				(29,938)	(29,938)						(29,938)
Disposal of treasury stock			(160)	542	381						381
Changes in retained earnings due to application of ASBJ PITF No.18			1,689		1,689						1,689
Changes other than stockholders' equity (NET)						(12,472)	(144,243)	(156,716)	831	(4,410)	(160,295)
Total changes during the current year	-	-	113,376	(29,396)	83,980	(12,472)	(144,243)	(156,716)	831	(4,410)	(76,315)
Balance as of March 31, 2009	119,419	128,177	1,277,056	(41,613)	1,483,039	(1,776)	(115,201)	(116,978)	2,446	38,846	1,407,353

For the fiscal year ended March 31, 2008

(Millions of yen)

	Stockholders' Equity					Valuation and translation adjustments			Share subscription rights	Minority Interests in consolidated subsidiaries	Total Net Assets
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	[Total]	Unrealized gain on available-for- sale securities	Foreign currency translation adjustments and others	[Total]			
Balance as of March 31, 2007	119,419	128,177	1,017,260	(7,560)	1,257,297	29,173	33,773	62,946	663	39,407	1,360,315
Changes during the current year											
Cash dividends			(36,580)		(36,580)						(36,580)
Net income			183,580		183,580						183,580
Increase in treasury stock				(7,895)	(7,895)						(7,895)
Disposal of treasury stock			(580)	3,238	2,658						2,658
Changes other than stockholders' equity (NET)						(18,478)	(4,731)	(23,209)	950	3,850	(18,408)
Total changes during the current year	-	-	146,419	(4,657)	141,762	(18,478)	(4,731)	(23,209)	950	3,850	123,354
Balance as of March 31, 2008	119,419	128,177	1,163,680	(12,217)	1,399,059	10,695	29,041	39,737	1,614	43,257	1,483,669

#### **4-4. Comparative Consolidated Statements of Cash Flows**

For the fiscal year ended March 31, 2009 and 2008

	<u>Millions of Yen</u>		
	April 2008 -March 2009 (A)	April 2007 -March 2008 (B)	Increase (Decrease) (A-B)
<b>1. Cash flows from operating activities</b>			
Income before income taxes	244,485	301,069	(56,584)
Depreciation and amortization	119,457	141,269	(21,812)
Loss on impairment of fixed assets	4,363	7,197	(2,834)
Increase (decrease) in accrued retirement benefits	793	557	236
Loss on write-down of investment securities	1,684	274	1,410
Interest and dividend income	(8,641)	(10,472)	1,831
Interest expenses	1,705	2,323	(618)
Foreign exchange loss (gain)	10,256	5,562	4,694
Equity in earnings of affiliates	(12,441)	(14,117)	1,676
(Increase) decrease in notes and accounts receivable	69,102	(678)	69,780
(Increase) decrease in inventories	(20,782)	(36,642)	15,860
(Increase) decrease in long-term advance payment	(21,220)	(15,886)	(5,334)
Increase (decrease) in notes and accounts payable	(61,389)	(11,597)	(49,792)
Other, net	6,364	(48,834)	55,198
Subtotal	333,738	320,024	13,714
Proceeds from interest and dividends	16,228	17,129	(901)
Payment of interest	(1,730)	(2,352)	622
Payment of income taxes	(91,656)	(132,387)	40,731
Net cash provided by operating activities	256,579	202,413	54,166
<b>2. Cash flows from investing activities</b>			
Net (increase) decrease in marketable securities	(16,883)	21,668	(38,551)
Purchase of property, plant and equipment	(189,696)	(254,585)	64,889
Proceeds from sales of property, plant and equipment	856	2,979	(2,123)
Purchase of intangible fixed asset	(1,391)	(1,463)	72
Purchase of investment securities	(34,513)	(32,483)	(2,030)
Proceeds from sales and redemption of investment securities	43,504	36,009	7,495
Other, net	(2,665)	(20,751)	18,086
Net cash used for investing activities	(200,790)	(248,626)	47,836
<b>3. Cash flows from financing activities</b>			
Net increase (decrease) in short-term borrowings	(3,459)	(704)	(2,755)
Proceeds from long-term debt	-	5,000	(5,000)
Repayment of long-term debt	(3,317)	(15,135)	11,818
Purchase of treasury stock	(29,938)	(7,895)	(22,043)
Cash dividends paid	(42,884)	(36,580)	(6,304)
Other, net	(484)	1,781	(2,265)
Net cash used for financing activities	(80,084)	(53,534)	(26,550)
<b>4. Effect of exchange rate change on cash and cash equivalents</b>	(26,278)	(3,165)	(23,113)
<b>5. Net increase (decrease) in cash and cash equivalents</b>	(50,574)	(102,913)	52,339
<b>6. Cash and cash equivalents at beginning of year</b>	301,619	404,532	(102,913)
<b>7. Cash and cash equivalents at end of year</b>	251,044	301,619	(50,575)

#### **4-5. Basis of Presenting Consolidated Financial Statements**

After the release of last year's financial report presented on June 30, 2008, there have been no significant changes, except for the following item. Thus, we are omitting Notes concerning all other matters.

#### **4-6. Changes in Basis of Presenting Consolidated Financial Statements**

##### **The Evaluation Standard and the Evaluation Method for Inventories**

Previously, a cost method mainly based on the weighted-average method was adopted for measuring inventories held for sale in the ordinary course of business. However, the "Accounting Standard for Measurement of Inventories" (ASBJ Statement No. 9) has been applied from FY2009, and now these inventories are measured by means of a cost method mainly based on the weighted-average method, which determines the amount of the inventories shown on the balance sheet by writing them down based on the decrease in their profitability. As a result, Operating income, Ordinary income and Income before income taxes each decreased by ¥3,397 million.

Please see the segment information regarding the effect on segment information.

##### **Accounting Standards for Lease Transactions**

Previously, finance lease transactions that do not transfer ownership of the leased property to the lessee followed methods applicable to ordinary rental transactions. However, effective from FY2009, the "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13) and "Implementation Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16) have been applied, and such transactions are now accounted for as ordinary sale and purchase transactions. Finance lease transactions starting before FY2009 that do not transfer ownership of the leased property to the lessee are accounted for as operating leases.

The impact of this change on income is immaterial.

##### **Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements**

Effective from FY2009, the "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No.18) has been applied, and accordingly some revisions have been made to the consolidated accounts as necessary.

As a result, Operating income decreased by ¥459 million, Ordinary income and Income before income taxes decreased by ¥383 million respectively.

The disclosure of the effect on segment information is omitted because it is considered immaterial.

##### **(Additional Information)**

##### **Depreciation Method of Tangible Fixed Assets**

In accordance with the revised Japanese Corporation Tax Law, Shin-Etsu Chemical Co., Ltd. (the "Company") and its domestic subsidiaries changed the period of depreciation for tangible fixed assets (except for semiconductor silicon manufacturing facilities/equipment). As a result, the depreciation expenses for the current fiscal year decreased by ¥307 million, and Operating income, Ordinary income and Income before income taxes each increased by ¥165 million, compared with the amounts under the formerly applied method.

The disclosure of the effect on segment information is omitted because it is considered immaterial.

**(Note to Consolidated Balance Sheets)**

	Millions of Yen	
	March 31, 2009	March 31, 2008
Accumulated depreciation of property, plant and equipment	1,248,324	1,243,922

**(Notes to Consolidated Statements of Income)**

	Millions of Yen	
	March 31, 2009	March 31, 2008
1. Research and development costs	37,165	47,944
2. Loss on impairment of fixed assets		

During FY2009, the Company and its consolidated subsidiaries recognized impairment losses for the following asset categories, recording a total of ¥4,363 million as Extraordinary expenses. The company and its consolidated subsidiaries group fixed assets based on managerial accounting categories, which are regarded as the smallest units independently generating cash flows.

Consolidated subsidiary (Shin-Etsu Handotai Co., Ltd.) (Millions of Yen)

Location	Use	Asset category	Impairment loss
Saigata Plant (Joetsu-shi, Niigata-Prefecture) and others	Semiconductor silicon manufacturing facilities /equipment for small-diameter wafers	Machinery and equipment	4,085
		Others	278
		Total	4,363

The Semiconductor silicon business for small-diameter wafers of Shin-Etsu Handotai has been suffering from a deteriorating market environmental, which was primarily caused by sluggish demand due to the financial crisis, fierce competition with a supply-demand imbalance and progress in changing over to large-diameter wafers. As a result, the book value of the assets at each Shin-Etsu Handotai plant where this material is produced has been marked down to their recoverable amounts, which is calculated at value-in-use.

**(Segment Information)**

**1. Business Segment Information**

	Millions of Yen					
	April 2008 - March 2009					
	Organic and Inorganic Chemicals	Electronics Materials	Functional Materials and Others	Total	Elimination or Common assets	Consolidated total
Sales to outside customers	629,174	467,520	104,118	1,200,813	-	1,200,813
Intersegment sales	9,473	2,348	99,862	111,685	(111,685)	-
Total	638,647	469,869	203,981	1,312,498	(111,685)	1,200,813
Operating costs and expenses	543,505	357,634	178,257	1,079,397	(111,511)	967,886
Operating income	95,142	112,234	25,724	233,101	(174)	232,927
Assets	697,928	600,855	173,237	1,472,021	212,923	1,684,944
Depreciation	34,718	75,758	9,215	119,693	(235)	119,457
Loss on impairment	-	4,363	-	4,363	-	4,363
Capital expenditure	81,980	71,323	6,580	159,883	(476)	159,406

	Millions of Yen					
	April 2007 - March 2008					
	Organic and Inorganic Chemicals	Electronics Materials	Functional Materials and Others	Total	Elimination or Common assets	Consolidated total
Sales to outside customers	701,002	564,696	110,665	1,376,364	-	1,376,364
Intersegment sales	17,018	3,359	82,835	103,213	(103,213)	-
Total	718,021	568,056	193,500	1,479,578	(103,213)	1,376,364
Operating costs and expenses	618,539	405,955	167,488	1,191,983	(102,764)	1,089,219
Operating income	99,481	162,100	26,012	287,594	(448)	287,145
Assets	782,878	713,047	199,497	1,695,422	223,121	1,918,544
Depreciation	31,650	100,983	8,895	141,529	(259)	141,269
Loss on impairment	7,197	-	-	7,197	-	7,197
Capital expenditure	116,416	144,140	8,617	269,174	(695)	268,479



(Notes)

1. The following three lines of business are divided from the point-of-view of kinds of products and markets.

Organic and Inorganic Chemicals business segment	Polyvinyl chloride, Silicones, Methanol, Chloromethanes, Cellulose derivatives, Caustic soda, Silicon metal and Poval
Electronics Materials business segment	Semiconductor silicon, Organic materials for the electronics industry, Rare earth magnets for the electronics industry and Photo resists
Functional Materials and Others business segment	Synthetic quartz products, Rare earths and rare earth magnets for general applications, Liquid Fluoroelastomers, Pellicles, Export of technology and plants, Export and import of goods, Construction and plant engineering and Information processing

2. The amounts of the common assets included in the column “Elimination or common assets” for the fiscal years ended March 31, 2009 and 2008 were ¥246,636 million and ¥274,992 million, respectively, which mainly consist of surplus working funds (cash, deposits and marketable securities) and long-term investment funds (investments in securities) of the Company.

3. “Changes in Basis of Presenting Consolidated Financial Statements” and additional information

(For the current fiscal year ended March 31, 2009)

Effective from FY2009, the Company and its domestic subsidiaries adopted “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9) and changed the evaluation standard and the evaluation method for inventories.

As a result, the operating expenses for Organic and Inorganic Chemicals business segment, Electronics Materials business segment and Functional Materials and Others business segment increased by ¥1,474 million, ¥1,597 million and ¥325 million, respectively. Accordingly, the operating income of each segment decreased by the same amounts.

(For the previous fiscal year ended March 31, 2008)

In FY 2008, the Company and its domestic subsidiaries changed the depreciation method of tangible fixed assets in accordance with the revised Japanese Corporation Tax Law.

As a result, the depreciation expenses under Organic and Inorganic Chemicals business segment, Electronics Materials business segment and Functional Materials and Others business segment increased by ¥2,127 million, ¥558 million and ¥668 million, respectively, compared with the amount under the formerly applied method. The operating expenses for Organic and Inorganic Chemicals business segment, Electronics Materials business segment and Functional Materials and Others business segment increased by ¥1,740 million, ¥501 million and ¥560 million, respectively. Accordingly, the operating income of each segment decreased by the same amounts.

**[Supplementary data: Details of Business Segment Information (Net Sales and Operating Income)]**

	Billions of Yen					
	Net Sales			Operating Income		
	April 2008 -March 2009	April 2007 -March 2008	Increase (Decrease)	April 2008 -March 2009	April 2007 -March 2008	Increase (Decrease)
Polyvinyl chloride	324.9	363.7	(38.8)	36.7	31.5	5.2
Silicones	171.8	199.7	(27.9)	33.6	43.1	(9.5)
Others	132.5	137.6	(5.1)	24.9	24.9	0.0
			[(10.2%)]			[(4.4%)]
<b>Total Organic and Inorganic Chemicals Business Segment</b>	<b>629.2</b>	<b>701.0</b>	<b>(71.8)</b>	<b>95.2</b>	<b>99.5</b>	<b>(4.3)</b>
Semiconductor silicon	404.9	482.8	(77.9)	98.4	141.1	(42.7)
Others	62.6	81.9	(19.3)	13.8	21.0	(7.2)
			[(17.2%)]			[(30.8%)]
<b>Total Electronics Materials Business Segment</b>	<b>467.5</b>	<b>564.7</b>	<b>(97.2)</b>	<b>112.2</b>	<b>162.1</b>	<b>(49.9)</b>
Synthetic quartz products	25.8	29.6	(3.8)	9.6	11.3	(1.7)
Rare earth magnets for general applications and Other functional materials	36.9	37.4	(0.5)	9.7	8.7	1.0
Others	41.4	43.7	(2.3)	6.4	6.0	0.4
			[(5.9%)]			[(1.1%)]
<b>Total Functional Materials and Others Business Segment</b>	<b>104.1</b>	<b>110.7</b>	<b>(6.6)</b>	<b>25.7</b>	<b>26.0</b>	<b>(0.3)</b>
Elimination	-	-	-	(0.2)	(0.4)	0.2
			[(12.8%)]			[(18.9%)]
<b>Total</b>	<b>1,200.8</b>	<b>1,376.4</b>	<b>(175.6)</b>	<b>232.9</b>	<b>287.1</b>	<b>(54.2)</b>

## 2. Geographic Segment Information

	Millions of Yen						
	April 2008 – March 2009						
	Japan	North America	Asia/ Oceania	Europe	Total	Elimination or Common assets	Consolidated Total
Sales to outside customers	588,312	285,537	171,408	155,555	1,200,813	-	1,200,813
Intersegment sales	192,085	55,981	51,860	922	300,850	(300,850)	-
Total	780,398	341,519	223,268	156,477	1,501,664	(300,850)	1,200,813
Operating costs and expenses	617,020	297,920	211,352	144,828	1,271,121	(303,235)	967,886
Operating income	163,377	43,599	11,916	11,649	230,542	2,384	232,927
Assets	910,071	389,243	141,559	119,217	1,560,091	124,852	1,684,944

	Millions of Yen						
	April 2007 - March 2008						
	Japan	North America	Asia/ Oceania	Europe	Total	Elimination or Common assets	Consolidated Total
Sales to outside customers	645,006	309,101	241,145	181,111	1,376,364	-	1,376,364
Intersegment sales	280,116	68,364	64,244	2,280	415,005	(415,005)	-
Total	925,122	377,466	305,389	183,392	1,791,370	(415,005)	1,376,364
Operating costs and expenses	710,940	343,140	282,317	168,234	1,504,632	(415,413)	1,089,219
Operating income	214,182	34,325	23,072	15,157	286,738	407	287,145
Assets	1,014,058	442,680	201,639	169,181	1,827,560	90,984	1,918,544

(Notes)

1. Main countries or areas other than Japan

North America : the United States  
Asia/ Oceania : Malaysia, Singapore, South Korea, Taiwan, Thailand, China and Australia  
Europe : the U.K., the Netherlands and Germany

2. The amounts of the common assets included in the column “Elimination or common assets” for the fiscal years ended March 31, 2009 and 2008 were ¥246,636 million and ¥274,992 million, respectively, which mainly consist of surplus working funds (cash, deposits and marketable securities) and long-term investment funds (investments in securities) of the Company.

3. “Changes in Basis of Presenting Consolidated Financial Statements” and additional information (For the current fiscal year ended March 31, 2009)

Effective from FY2009, the Company and its domestic subsidiaries adopted “Accounting Standard for Measurement of Inventories” (ASBJ Statement No. 9) and changed the evaluation standard and the evaluation method for inventories.

As a result, the operating expenses for Japan increased by ¥3,397 million. Accordingly, the operating income decreased by the same amount.

(For the previous fiscal year ended March 31, 2008)

In FY2008, the Company and its domestic subsidiaries changed the depreciation method of tangible fixed assets in accordance with the revised Japanese Corporation Tax Law. As a result, operating expenses for Japan increased by ¥2,803 million compared with the amount under the formerly applied method. Accordingly, operating income decreased by the same amount.

### 3. Overseas Sales Information

	Millions of Yen				
	April 2008 - March 2009				
	North America	Asia/Oceania	Europe	Other Areas	Total
Overseas sales	241,462	288,107	150,562	68,678	748,811
Consolidated sales					1,200,813
Percentage of overseas sales over consolidated sales	20.1	24.0	12.6	5.7	62.4

	Millions of Yen				
	April 2007 - March 2008				
	North America	Asia/Oceania	Europe	Other Areas	Total
Overseas sales	278,020	411,760	177,957	72,683	940,421
Consolidated sales					1,376,364
Percentage of overseas sales over consolidated sales	20.2	29.9	12.9	5.3	68.3

(Notes)

1. Main countries or areas

- North America : the United States and Canada
- Asia/ Oceania : China, Taiwan, South Korea, Singapore, Thailand and Malaysia
- Europe : Germany, France and Portugal
- Other Areas : Latin America and Middle East

2. "Overseas sales" means sales to the outside of Japan by the Company and its consolidated subsidiaries.

3. Sales to China, which are included in "Asia/Oceania", were ¥90,572 million for the fiscal year ended March 31, 2009 and ¥104,808 million for the fiscal year ended March 31, 2008.

**(Deferred Tax)**

1. Factors of deferred tax assets and liabilities

	Millions of Yen	
	As of March 31, 2009	As of March 31, 2008
Deferred Tax Assets		
Depreciation	25,385	33,815
Tax loss carry forwards	12,843	253
Special provision for accrued retirement benefits	4,542	3,886
Maintenance cost	4,528	6,131
Unrealized profit	4,161	4,917
Accrued bonus allowance	3,690	4,174
Unsettled accounts receivable and payable	3,091	5,760
Accrued enterprise taxes	1,111	3,065
Unrealized gain on available-for-sale securities	240	-
Others	18,598	17,184
Deferred Tax Assets sub-total	78,195	79,190
Valuation allowance	(3,918)	(3,752)
Deferred Tax Assets Total	74,276	75,437
Deferred Tax Liabilities		
Depreciation	37,246	16,734
Unrealized gain on available-for-sale securities	146	7,068
Reserve for special depreciation	138	396
Others	3,428	3,357
Deferred Tax Liabilities Total	40,959	27,555
Net Deferred Tax Assets	33,317	47,881

(Notes) Net Deferred Tax Assets are included in the following accounts.

	Millions of Yen	
	As of March 31, 2009	As of March 31, 2008
Current assets : Deferred taxes, current	36,098	30,187
Fixed assets : Deferred taxes, non-current	34,868	35,011
Current liabilities : Others	(263)	(343)
Long-term liabilities: Deferred taxes, non-current	(37,385)	(16,973)

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

	As of March 31, 2009	As of March 31, 2008
Statutory tax rate	40.4%	40.4%
Rate difference from foreign subsidiaries	(2.7)	(4.4)
Equity in earnings of affiliates	(2.1)	(1.9)
Dividend income not taxable	(2.4)	(1.7)
Elimination of dividend income from consolidated subsidiaries	2.3	1.7
Tax deduction for research expenses	(0.9)	(0.7)
Entertainment and other non-deductible expenses	0.2	0.1
Correction of taxation based on transfer pricing	-	3.6
Others, net	1.4	0.3
Effective tax rate	36.2	37.4

**(Securities)**

As of March 31, 2009

(1) Market value of bonds held to maturity

	Millions of Yen		
	Book value	Market value	Unrealized gain (loss)
Securities with fair value that exceeds book value			
National and local government bonds and others	468	475	7
Debentures	17,297	17,303	6
Others	4,000	4,000	0
Subtotal	21,765	21,780	14
Securities with fair value that does not exceed book value			
National and local government bonds and others	-	-	-
Debentures	31,577	30,824	(753)
Others	-	-	-
Subtotal	31,577	30,824	(753)
<b>Total</b>	<b>53,343</b>	<b>52,604</b>	<b>(738)</b>

(2) Available-for-sale securities with defined fair values

	Millions of Yen		
	Acquisition cost	Book value	Unrealized gain(loss)
Securities with book value that exceeds acquisition cost			
Stocks	15,437	20,767	5,330
Subtotal	15,437	20,767	5,330
Securities with book value that does not exceed acquisition cost			
Stocks	21,891	16,344	(5,546)
Subtotal	21,891	16,344	(5,546)
<b>Total</b>	<b>37,328</b>	<b>37,111</b>	<b>(216)</b>

(3) Major components and book values of securities without market value

	Millions of Yen
	Book value
1. Bonds held to maturity	
Non-listed domestic bonds	
Non-listed overseas bonds	591
2. Investments in non-consolidated subsidiaries and affiliates	70,147
3. Available-for-sale securities	
Non-listed shares	21,587
Non-listed overseas bonds	21,334
Certificate of deposit	53,800
Others	855

(4) Redemption schedule of available-for-sale securities with maturity and bonds held to maturity

	Millions of Yen		
	Within one year	Over one year within five years	Over five years within ten years
1. Bonds			
National and local government bonds and others	20,931	190	-
Debentures	31,874	17,000	-
Others	4,000	-	-
2. Others	55,117	175	631
<b>Total</b>	<b>111,923</b>	<b>17,366</b>	<b>631</b>

As of March 31, 2008

(1) Market value of bonds held to maturity

	Millions of Yen		
	Book value	Market value	Unrealized gain (loss)
Securities with fair value that exceeds book value			
National and local government bonds and others	1,954	1,974	19
Debentures	5,098	5,100	1
Others	3,998	3,998	0
Subtotal	11,052	11,073	21
Securities with fair value that does not exceed book value			
National and local government bonds and others	-	-	-
Debentures	42,106	42,011	(95)
Others	998	997	(1)
Subtotal	43,105	43,008	(97)
Total	54,157	54,081	(75)

(2) Available-for-sale securities with defined fair values

	Millions of Yen		
	Acquisition cost	Book value	Unrealized gain (loss)
Securities with book value that exceeds acquisition cost			
Stocks	28,993	47,463	18,469
Subtotal	28,993	47,463	18,469
Securities with book value that does not exceed acquisition cost			
Stocks	6,601	5,661	(940)
Subtotal	6,601	5,661	(940)
Total	35,595	53,124	17,529

(3) Major components and book values of securities without market value

	Millions of Yen
	Book value
1. Bonds held to maturity	
Non-listed overseas bonds	20,000
2. Investments in non-consolidated subsidiaries and affiliates	77,458
3. Available-for-sale securities	
Non-listed shares	5,856
Non-listed overseas bonds	52,278
Certificate of deposit	70,630
Others	1,505

(4) Redemption schedule of available-for-sale securities with maturity and bonds held to maturity

	Millions of Yen		
	Within one year	Over one year within five years	Over five years within ten years
1. Bonds			
National and local government bonds and others	53,152	1,081	-
Debentures	15,105	-	-
Others	45,096	12,000	-
2. Others	71,185	268	677
Total	184,540	13,350	677

**(Per share information)**

	April 2008 - March 2009	April 2007 - March 2008
Net assets per share (in yen)	3,218.28	3,344.17
Net income per share (in yen)	362.39	426.63
Diluted net income per share (in yen)	362.35	426.35

(Note) Please see the following data for calculation of “Net income per share” and “Diluted net income per share” for further detail.

	Millions of Yen	
	April 2008 - March 2009	April 2007 - March 2008
Data for calculation of net income per share		
Net income	154,731	183,580
Amount which is not appropriated to shareholder of common stock	-	-
Net income belonging to common stock	154,731	183,580
Weighted average number of shares outstanding (in thousands share)	426,972	430,304
Data for calculation of diluted net income per share		
Adjustments to Net income	-	(9)
[Adjustment of share subscription rights in the above]	[ - ]	[(9)]
Increase of common stock (in thousands share)	46	257
[Share subscription rights in the above]	[46]	[257]

	Numbers of Share subscription rights	Numbers of Share subscription rights
Potential stock not to be included in calculation of diluted net income per share due to not working as dilution	5,871 (*1)	9,150 (*2)
	9,150 (*2)	
	8,260 (*3)	

(\*1) Share subscription rights resolved at the ordinary general meeting of shareholders held on June 29, 2006

(\*2) Share subscription rights resolved at the ordinary general meeting of shareholders held on June 28, 2007

(\*3) Share subscription rights resolved in 2008

**(Omission of disclosure)**

We are omitting Notes in relation to lease transactions, related party transactions, derivative transactions, retirement benefits and stock options because it is considered that these information are not essential to disclose in the financial report.



## **5. Non-consolidated Financial Statements**

### **5-1. Comparative Non-consolidated Balance Sheets**

As of March 31, 2009 and 2008

	March 31, 2009 (A)	<u>Millions of Yen</u> March 31, 2008 (B)	Increase (Decrease) (A-B)
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and time deposits	67,569	61,225	6,344
Notes and accounts receivable-trade	140,350	187,442	(47,092)
Securities	82,874	125,102	(42,228)
Inventories	74,717	65,105	9,612
Deferred taxes, current	10,691	16,104	(5,413)
Short-term loans	24,454	19,194	5,260
Other	21,544	44,510	(22,966)
Less: Allowance for doubtful accounts	(250)	(810)	560
Total current assets	<u>421,951</u>	<u>517,875</u>	<u>(95,924)</u>
<b>Fixed Assets:</b>			
Property, plant and equipment			
Buildings and structures	37,612	36,939	673
Machinery and equipment	51,640	48,866	2,774
Other	33,892	33,300	592
Total property, plant and equipment	<u>123,144</u>	<u>119,106</u>	<u>4,038</u>
Intangible fixed assets	<u>1,010</u>	<u>630</u>	<u>380</u>
<b>Investments and other assets</b>			
Investments in securities	69,259	62,391	6,868
Investments in capital stocks of subsidiaries and affiliates	129,633	129,485	148
Long-term loans	13,595	14,683	(1,088)
Deferred taxes, non-current	6,738	4,385	2,353
Other	5,439	5,388	51
Less: Allowance for doubtful accounts	(10)	(10)	-
Total investments and other assets	<u>224,656</u>	<u>216,324</u>	<u>8,332</u>
Total fixed assets	<u>348,811</u>	<u>336,061</u>	<u>12,750</u>
<b>TOTAL ASSETS</b>	<u>770,762</u>	<u>853,936</u>	<u>(83,174)</u>

	March 31, 2009 (A)	<u>Millions of Yen</u> March 31, 2008 (B)	Increase (Decrease) (A-B)
<b>LIABILITIES</b>			
Current Liabilities:			
Accounts payable-trade	74,207	111,340	(37,133)
Short-term borrowings	5,193	7,286	(2,093)
Accounts payable-others	15,246	23,046	(7,800)
Accrued expenses	13,039	17,539	(4,500)
Accrued income taxes	785	14,592	(13,807)
Other	1,391	2,239	(848)
Total current liabilities	<u>109,864</u>	<u>176,045</u>	<u>(66,181)</u>
Long-term Liabilities:			
Long-term debt	6,224	6,227	(3)
Other	2,908	2,557	351
Total long-term liabilities	<u>9,133</u>	<u>8,785</u>	<u>348</u>
<b>TOTAL LIABILITIES</b>	<u>118,997</u>	<u>184,830</u>	<u>(65,833)</u>
<b>NET ASSETS</b>			
Stockholders' Equity:			
Common stock	119,419	119,419	-
Additional paid-in capital	120,771	120,771	-
Retained earnings	450,951	430,011	20,940
Less: Treasury stocks, at cost	(41,613)	(12,217)	(29,396)
Total Stockholders' Equity	<u>649,529</u>	<u>657,985</u>	<u>(8,456)</u>
Valuation and translation adjustments	63	9,727	(9,664)
Share subscription rights	2,172	1,393	779
<b>TOTAL NET ASSETS</b>	<u>651,765</u>	<u>669,105</u>	<u>(17,340)</u>
<b>TOTAL LIABILITIES AND NET ASSETS</b>	<u>770,762</u>	<u>853,936</u>	<u>(83,174)</u>

## **5-2. Comparative Non-consolidated Statements of Income**

For the fiscal year ended March 31, 2009 and 2008

	<u>Millions of Yen</u>		
	April 2008- March 2009 (A)	April 2007- March 2008 (B)	Increase (Decrease) (A-B)
Net sales	606,722	708,580	(101,858)
Cost of sales	496,270	577,577	(81,307)
Gross profit	110,452	131,002	(20,550)
Selling, general and administrative expenses	32,011	49,071	(17,060)
Operating income	78,440	81,931	(3,491)
Non-operating income:			
Interest income	1,024	1,059	(35)
Dividend income	15,055	13,065	1,990
Other income	3,249	2,575	674
Total Non-operating income	19,329	16,700	2,629
Non-operating expenses:			
Interest expenses	268	389	(121)
Other expenses	3,549	5,712	(2,163)
Total Non-operating expenses	3,818	6,102	(2,284)
Ordinary income	93,952	92,528	1,424
Extraordinary income:			
Net gain on insurance	-	2,860	(2,860)
Reversal of allowance for doubtful accounts	-	1,050	(1,050)
Total Extraordinary income	-	3,910	(3,910)
Extraordinary expenses:			
Loss on impairment of fixed assets	-	5,761	(5,761)
Loss on write-down on investment securities	1,197	-	1,197
Total Extraordinary expenses	1,197	5,761	(4,564)
Income before income taxes	92,754	90,677	2,077
Income taxes-current	19,160	33,470	(14,310)
Income taxes-prior years	-	10,878	(10,878)
Income taxes-deferred	9,610	(3,900)	13,510
Net income	63,984	50,229	13,755

**5-3. Non-consolidated Statements of Changes in Net Assets**

For the fiscal year ended March 31, 2009

(Millions of yen)

	Stockholders' Equity						Valuation and translation adjustments	Share subscription rights	Total Net Assets	
	Common stock	Additional paid-in capital	Retained earnings			Treasury stock				[Total]
			Legal earned reserves	Others	[Total]					
Balance as of March 31, 2008	119,419	120,771	6,778	423,233	430,011	(12,217)	657,985	9,727	1,393	669,105
Changes during the current year										
Cash dividends				(42,884)	(42,884)		(42,884)			(42,884)
Net income				63,984	63,984		63,984			63,984
Increase of treasury stock						(29,938)	(29,938)			(29,938)
Disposal of treasury stock				(160)	(160)	542	381			381
Changes other than stockholders' equity (NET)								(9,663)	778	(8,884)
Total changes during the current year	-	-	-	20,940	20,940	(29,396)	(8,456)	(9,663)	778	(17,340)
Balance as of March 31, 2009	119,419	120,771	6,778	444,173	450,951	(41,613)	649,529	63	2,172	651,765

For the fiscal year ended March 31, 2008

(Millions of yen)

	Stockholders' Equity						Valuation and translation adjustments	Share subscription rights	Total Net Assets	
	Common stock	Additional paid-in capital	Retained earnings			Treasury stock				[Total]
			Legal earned reserves	Others	[Total]					
Balance as of March 31, 2007	119,419	120,771	6,778	410,164	416,942	(7,560)	649,573	22,196	529	672,299
Changes during the current year										
Cash dividends				(36,580)	(36,580)		(36,580)			(36,580)
Net income				50,229	50,229		50,229			50,229
Increase of treasury stock						(7,895)	(7,895)			(7,895)
Disposal of treasury stock				(580)	(580)	3,238	2,658			2,658
Changes other than stockholders' equity (NET)								(12,468)	863	(11,605)
Total changes during the current year	-	-	-	13,069	13,069	(4,657)	8,411	(12,468)	863	(3,193)
Balance as of March 31, 2008	119,419	120,771	6,778	423,233	430,011	(12,217)	657,985	9,727	1,393	669,105