

Press Release

**Financial Results for the fiscal year ended March 31, 2008****Shin-Etsu Chemical Co., Ltd.**

April 28, 2008

Listing Code: No. 4063 (URL: <http://www.shinetsu.co.jp/>)

Listing Stock Exchange: Tokyo, Osaka and Nagoya

Representative: Chihiro Kanagawa (Mr.) President and CEO

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Date of the annual shareholder's meeting June 27, 2008

Date of the filing of the consolidated financial statements June 30, 2008

Date of year-end dividend payout June 30, 2008

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, 2008

(From April 1, 2007 to March 31, 2008)

(1) Results of Consolidated operations

(Millions of Yen)

	Net sales		Operating income		Ordinary income		Net income	
Apr.'07 - Mar.'08	1,376,364	5.5%	287,145	19.1%	300,040	21.5%	183,580	19.2%
Apr.'06 - Mar.'07	1,304,695	15.7%	241,028	30.1%	247,018	33.5%	154,010	33.9%

	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
Apr.'07 - Mar.'08	426.63	426.35	13.3%	15.9%	20.9%
Apr.'06 - Mar.'07	357.78	357.32	12.4%	14.0%	18.5%

(Note) Equity in earnings of affiliates (Millions of Yen) Apr.'07-Mar.'08 : 14,117 Apr.'06-Mar.'07 : 8,085

(2) Consolidated financial position

(Millions of Yen)

	Total assets	Net assets	Stockholders' equity ratio	Net assets per share (in yen)
Mar. 31, '08	1,918,544	1,483,669	75.0%	3,344.17
Mar. 31, '07	1,859,995	1,360,315	71.0%	3,065.80

(Note) Stockholders' equity (Millions of Yen) As of Mar.31,'08 : 1,438,797 As of Mar.31,'07 : 1,320,244

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
Apr.'07 - Mar.'08	202,413	(248,626)	(53,534)	301,619
Apr.'06 - Mar.'07	272,488	(185,183)	(61,833)	404,532

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
	First half	Year-end	Annual			
Apr.'07 - Mar.'08	40.00	50.00	90.00	38,713	21.1%	2.8%
Apr.'06 - Mar.'07	25.00	45.00	70.00	30,133	19.6%	2.4%
Apr.'08 - Mar.'09 (forecast)	50.00	50.00	100.00	-	21.5%	-

3. The Forecast of Consolidated Operating Performance for the Fiscal Year ended March 31, 2009

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

(Millions of Yen)

	Net sales		Operating income		Ordinary income		Net income		Net income per share (in Yen)
First half	690,000	0.3%	151,000	7.8%	157,000	7.5%	98,000	2.9%	227.78
Fiscal year	1,400,000	1.7%	307,000	6.9%	320,000	6.7%	200,000	8.9%	464.86

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 15 for further details.

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

	Mar. 31, '08	Mar. 31, '07
Number of shares outstanding at year end	432,106,693	432,106,693
Number of treasury stocks at year end	1,865,726	1,470,973

(Note) Please see the “Per share information” on page 25 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, 2008**

(From April 1, 2007 to March 31, 2008)

(1) Results of non-consolidated operations

(Millions of Yen)

	Net sales		Operating income		Ordinary income		Net income	
Apr.'07 - Mar.'08	708,580	1.6%	81,931	0.9%	92,528	15.6%	50,229	(1.7%)
Apr.'06 - Mar.'07	697,248	19.7%	81,200	10.2%	80,075	11.0%	51,085	13.4%

	Net income per share (in yen)	Diluted net income per share (in yen)
Apr.'07 - Mar.'08	116.73	116.66
Apr.'06 - Mar.'07	118.67	118.55

(2) Non-consolidated financial position

(Millions of Yen)

	Total assets	Net assets	Stockholders' equity ratio	Net assets per share (in yen)
Mar. 31, '08	853,936	669,105	78.2%	1,551.95
Mar. 31, '07	898,412	672,299	74.8%	1,559.95

(Note) Stockholders' equity (Millions of Yen) As of Mar.31,'08 : 667,712 As of Mar.31,'07 : 671,769

Stockholders' equity used for the calculation of indices is Net assets excluding Share subscription rights.

2. The Forecast of Non-consolidated Operating Performance for the Fiscal Year ended March 31, 2009

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

(Millions of Yen)

	Net sales		Operating income		Ordinary income		Net income		Net income per share (in yen)
First half	360,000	0.2%	43,000	4.1%	47,000	0.8%	33,000	1.6%	76.70
Fiscal year	730,000	3.0%	88,000	7.4%	95,000	2.7%	61,000	21.4%	141.78

(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.

1. Results of Operations and Financial Position

(1) Results of Operations

1). General Overview

During the FY 2008 (April 1, 2007 to March 31, 2008) consolidated business results term, in the Japanese economy, although since the beginning of the new year in 2008, the feeling that the economy is in a stagnant period has strengthened rapidly, on the whole during this fiscal year, the economy was on a gradual recovery path, as plant and equipment investment in the private sector and exports remained strong. On the other hand, the situation of the U.S. economy became a cause for concern, as it seemed on the verge of economic recession due to the substantial decline in housing construction because of such factors as the subprime loan problem. However, the economies in Southeast Asia and China continued to expand.

Under these circumstances, along with aggressively pursuing its sales activities to its wide range of worldwide customers, the Shin-Etsu Group vigorously implemented increases in production capacity and worked on the development and commercialization of new products. At the same time, the Group made intensive all-out efforts to thoroughly conduct its business operations with the utmost priority put on assuring safety and environmental conservation.

As a result, the consolidated business results for the FY 2008 show that net sales increased by 5.5% (¥71,669 million) compared to the previous fiscal year to become ¥1,376,364 million. Compared to the performance of the previous fiscal year, operating income increased 19.1% (¥46,117 million) to ¥287,145 million, ordinary income increased 21.5% (¥53,022 million) to ¥300,040 million and net income increased 19.2% (¥29,570 million) to ¥183,580 million.

2). Business Segment Overview

Organic and inorganic chemicals

In the PVC business, while other U.S. companies in the same business have decreased their rates of operation, experienced a large reduction in profit and fallen into red figures because of sluggish U.S. domestic demand, Shintech in the U.S. continued its full operation by expanding sales utilizing its relationships with customers both in the U.S. and internationally, which were built up over a long period of years. As a result, Shintech was able to achieve a high level of profit. In addition, Shin-Etsu PVC in the Netherlands increased its business results, supported by good sales in Europe. On the other hand, the PVC business in Japan continued to be in a severe situation due to sluggish demand.

Although the silicone business was impacted by the sharp increase in the price of raw materials, concentrated efforts were made to expand sales, mainly for specialized product applications such as for automobiles, information technology equipment and cosmetics. Consequently, this business grew. On the other hand, the business of keypads for mobile phones supplied by Shin-Etsu Polymer Co., Ltd. lingered at a low level due to a decline in product prices from intensified competition.

With regard to the cellulose derivatives business, the sales volume of this business in Japan decreased, compared to the previous fiscal year, because it was still on the road to recovery from the plant explosion/fire accident in March of 2007. However, SE Tylose in Germany increased its business results, following its production capacity expansion in 2006, which contributed to the good performance of the company. In addition, product shipments of Japan VAM & Poval Co., Ltd. did well.

As a result, the net sales of this business segment decreased 1.0% (¥7,431 million) compared to the previous fiscal year to ¥701,002 million. Operating income also decreased 6.8% (¥7,205 million) to ¥99,481 million.

Electronics Materials

Demand for silicon wafers for semiconductor devices continued to be strong. As the demand for 200mm wafers decreased due to the accelerated shift in demand to 300mm wafers, mainly for applications in memory devices, shipments of 300mm wafers increased. Overall, the performance in this business increased greatly.

The business performance of rare earth magnets for the electronics industry continued firm for applications in hard disk drives, supported by the increased demand for PCs and servers. Sales of photoresists greatly increased, particularly with the continued good sales of ArF resists as the miniaturization of semiconductor devices progressed.

As a result, the net sales of this business segment increased 17.8% (¥85,305 million) compared to the previous fiscal year to ¥564,696 million. Operating income increased 52.0% (¥55,453 million) to ¥162,100 million.

Functional Materials and Others

With the worldwide increase in the volume of data communications, demand for preform for optical fiber recovered, and this business made a strong showing. Large-size photomask substrates used for LCDs continued to face a challenging business situation due to the sluggish market.

Sales of rare earth magnets for general applications increased due to strong demand in such applications as energy-saving motors for air-conditioners and automobiles. Furthermore, shipments of liquid fluoroelastomers and pericles did well.

As a result, the net sales of this business segment decreased 5.3% (¥6,205 million) compared to the previous fiscal year to ¥110,665 million. Operating income decreased 5.8% (¥1,592 million) to ¥26,012 million.

3). Business Prospects

Regarding Shin-Etsu's business forecast for FY 2009 (April 1, 2008 to March 31, 2009), the Japanese economy continues in a standstill with weakened corporate earnings, and the trend of the U.S. economy and the sharp rises in raw material prices are matters of concern. Going forward, we anticipate a severe business situation.

Under these circumstances, the Shin-Etsu Group will continue to make strong sales efforts toward its wide range of customers worldwide, and at the same time, we will aggressively make investments that rapidly respond to market needs. Furthermore, we will strive to build a strong business foundation through such means as endeavoring to secure multiple sources of raw material supplies and adjusting product prices to reflect the recent sharp rises in the price of raw materials.

Our business forecast FY 2009 is as follows:

	Billions of Yen							
	Consolidated				Non-consolidated			
	First half		Fiscal year		First half		Fiscal year	
Net sales	690	0.3%	1,400	1.7%	360	0.2%	730	3.0%
Operating income	151	7.8%	307	6.9%	43	4.1%	88	7.4%
Ordinary income	157	7.5%	320	6.7%	47	0.8%	95	2.7%
Net income	98	2.9%	200	8.9%	33	1.6%	61	21.4%

(Percentage figures indicate changes over the prior fiscal year.)

The annual dividend is scheduled to be ¥100 per share, an increase of ¥10 per share over the prior year's dividend.

(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.

(2) Financial position Overview

1). Status of assets, liabilities and net assets

At the end of FY 2008, Total assets increased by ¥58,549 million, compared to that at the end of FY 2007 (April 1, 2006 to March 31, 2007), to become ¥1,918,544 million. The total of cash, time deposits and securities decreased due to an increase of tangible fixed assets resulting from vigorous facility investment. At the end of FY 2008, certificates of deposit were categorized as “Securities” instead of “Cash and time deposits”.

Total liabilities at the end of FY 2008 decreased by ¥64,805 million, compared to that at the end of FY 2007, to become ¥434,875 million. The main reasons for this decrease were the repayment of borrowings and a decrease of accrued income taxes.

Total net assets at the end of FY 2008 reached ¥1,483,669 million, mainly due to ¥183,580 million in net income. Accordingly, the stockholders’ equity ratio increased by 4.0 percentage points to 75.0% from 71.0% at the end of previous fiscal year.

2). Status of cash flows

	<u>Millions of Yen</u>		
	Apr. '07 - Mar. '08 (A)	Apr. '06 - Mar. '07 (B)	Increase (Decrease) (A-B)
Cash and cash equivalents at beginning of fiscal year	404,532	373,863	30,669
Cash flows from operating activities	202,413	272,488	(70,075)
Cash flows from investing activities	(248,626)	(185,183)	(63,443)
Cash flows from financing activities	(53,534)	(61,833)	8,299
Effect of foreign exchange and others	(3,165)	5,197	(8,362)
Net increase (decrease) in cash and cash equivalents	(102,913)	30,669	(133,582)
Cash and cash equivalents at end of fiscal year	301,619	404,532	(102,913)

The balance of cash and cash equivalents at the end of the FY 2008 decreased by 25.4% (¥102,913 million) over that at the end of previous fiscal year, to become ¥301,619 million.

Cash flows from operating activities

Net cash provided by operating activities amounted to ¥202,413 million, which was ¥70,075 million smaller than that of the previous fiscal year. This mainly consisted of ¥301,069 million of income before income taxes, ¥141,269 million of depreciation and amortization, ¥132,387 million of income tax payment, ¥36,642 million of increase in inventories and others.

Cash flows from investing activities

Net cash used for investing activities amounted to ¥248,626 million, which was ¥63,443 million greater than that of the previous fiscal year. This result was mainly due to ¥254,585 million of expenditures for the purchases of tangible fixed assets.

Cash flows from financing activities

Net cash used for financing activities amounted to ¥53,534 million, which was ¥8,299 million smaller than that of the previous fiscal year. This result was mainly due to ¥36,580 million in cash dividends paid and ¥15,135 million of the repayment of long-term debt.

(Reference)The trend of cash flow indices

	For the fiscal year ended				
	Mar. 31, 2008	Mar. 31, 2007	Mar. 31, 2006	Mar. 31, 2005	Mar. 31, 2004
Stockholders' equity ratio (%)	75.0	71.0	70.2	67.5	65.0
Stockholders' equity ratio on market value basis (%)	115.5	166.5	164.7	117.6	132.9
Debt repayment ratio (%)	16.8	16.6	38.0	67.9	104.6
Interest coverage ratio	86.0	103.5	78.5	57.2	38.3

(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.

With regard to the dividend for the second half of FY 2008 (which ended on March 31, 2008), Shin-Etsu has declared a dividend of ¥50 per share, ¥10 increase over the interim dividend (¥40) paid out after the end of the first half of the fiscal year. With this announcement, the dividend for FY 2008 will become ¥90 per share, which increased by ¥20, compared to the annual dividend (¥70) paid out during the previous fiscal year.

Regarding the dividend for FY2009 (April 1, 2008 to March 31, 2009), Shin-Etsu is planning a further increase of ¥10 over the dividend declared for FY 2008; thus, the full-year dividend will become ¥100 per share (¥50 for the interim dividend and ¥50 for the dividend at the end of the fiscal year).

2. Corporate Overview

There have been no significant changes after the release of the last financial report filed on June 29, 2007. 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 proceeding with the construction of integrated manufacturing facilities from electrolysis to PVC in the State of Louisiana, because demand for PVC is increasing worldwide. These facilities are scheduled to begin operation from May 2008. In addition, at Shin-Etsu PVC in the Netherlands, further business expansion is under consideration following the completion of its PVC production facility expansion in 2006. In the future, the Shin-Etsu Group will continue to fully make use of its position as the world's largest PVC maker.

In the silicone business, by making the most of the product characteristics of silicones, which are in demand for an extraordinary diversity of application fields, Shin-Etsu will promote the development of new products and new applications. At the same time, by strengthening the capacity of each of our silicone plants in Japan, Thailand, the U.S. and other facilities, we aim to expand this business not only in Japan but also internationally.

In the semiconductor silicon business, Shin-Etsu has made facility expansions at its total of five Japan and U.S. manufacturing bases (two plants for both single crystal ingot and high-precision wafer production, one plant for single crystal ingot production and two plants for high-precision wafer production) for the purposes of speedily increasing production of 300mm wafers and risk dispersion. Since the summer of 2007, earlier than previously scheduled, we have built a system for the monthly production of 1 million 300mm wafers. In the future, by accurately anticipating demand trends, we will expand facilities and continue to play the role of being the world's largest silicon wafer manufacturer. For silicon wafers up to 200mm, Shin-Etsu will focus on strengthening its competitive power by assuring high quality and differentiating our products from those of other companies in applications for specialized uses. Demand for silicon wafers is expected to continue its increase; however, there is also a possibility of changes occurring in demand. In order to be prepared for changes in the market, Shin-Etsu has already implemented such measures as shortening the depreciation period of wafer-manufacturing facilities to three years.

In the rare earth magnet business, we are constructing a new rare earth separation and refinement facility to improve the yield of raw materials, and moreover, we are going to consider implementing successive capacity increases.

In the cellulose business, in order to establish stable supply by having multiple production bases, in addition to our Naoetsu Plant, we are going forward with the construction of a new cellulose manufacturing facility for pharmaceutical-use cellulose at SE Tylose in Germany. Furthermore, with regard to photoresists, for which demand is expanding, Shin-Etsu will increase its production capacity.

Shin-Etsu will further strengthen its relationships not only with customers but also with raw material suppliers and processing contractors, as the company strives to build the base for further business growth. In Addition, to prepare for the effects of the sharp increases in recent years of raw material costs, Shin-Etsu will take such measures as timely adjustment of product prices, securing raw material supplies and establishing multiple sources of supply. Shin-Etsu will also make efforts to diversify the company's product mix.

Moreover, to expand our business, Shin-Etsu will make strenuous efforts with regard to the R&D and commercialization of new products, and at the same time, the company will carry out policies that include 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.

An explosion/fire accident occurred at Shin-Etsu Chemical's Naoetsu Plant in March 2007. From immediately after the accident, we have been implementing further thorough measures for safety management, and we will continue to do our best, making use of the Shin Group's total capabilities, to prevent any recurrence.

4. Consolidated Financial Statements

4-1. Comparative Consolidated Balance Sheets

As of March 31, 2008 and 2007

	<u>Millions of Yen</u>		
	Mar. 31, 2008 (A)	Mar. 31, 2007 (B)	Increase (Decrease) (A-B)
ASSETS			
Current Assets:			
Cash and time deposits	217,265	296,851	(79,586)
Notes and accounts receivable-trade	313,943	315,710	(1,767)
Securities	184,519	207,178	(22,659)
Inventories	204,336	169,177	35,159
Deferred taxes, current	30,187	40,693	(10,506)
Other	71,798	39,875	31,923
Less: Allowance for doubtful accounts	(4,726)	(5,988)	1,262
Total current assets	1,017,325	1,063,499	(46,174)
Fixed Assets:			
Property, plant and equipment			
Buildings and structures	180,566	174,413	6,153
Machinery and equipment	240,671	217,685	22,986
Land	62,919	62,221	698
Construction in progress	159,016	79,351	79,665
Other	11,469	11,735	(266)
Total property, plant and equipment	654,643	545,408	109,235
Intangible fixed assets	25,859	25,964	(105)
Investments and other assets			
Investments in securities	150,492	176,150	(25,658)
Deferred taxes, non-current	35,011	26,259	8,752
Other	35,232	22,736	12,496
Less: Allowance for doubtful accounts	(19)	(22)	3
Total investments and other assets	220,716	225,123	(4,407)
Total fixed assets	901,219	796,496	104,723
TOTAL ASSETS	1,918,544	1,859,995	58,549

	<u>Millions of Yen</u>		
	Mar. 31, 2008 (A)	Mar. 31, 2007 (B)	Increase (Decrease) (A-B)
LIABILITIES			
Current Liabilities:			
Notes and accounts payable-trade	149,304	155,463	(6,159)
Short-term borrowings	11,826	24,490	(12,664)
Accounts payable-other	96,914	92,868	4,046
Accrued income taxes	39,463	59,962	(20,499)
Accrued expenses	62,794	85,378	(22,584)
Other	16,344	14,730	1,614
Total current liabilities	376,648	432,893	(56,245)
Long-term Liabilities:			
Long-term debt	22,132	20,652	1,480
Deferred taxes, non-current	16,973	28,817	(11,844)
Accrued retirement benefits	11,522	10,943	579
Other	7,597	6,373	1,224
Total long-term liabilities	58,226	66,786	(8,560)
TOTAL LIABILITIES	434,875	499,680	(64,805)
NET ASSETS			
Stockholders' Equity:			
Common stock	119,419	119,419	-
Additional paid-in capital	128,177	128,177	-
Retained earnings	1,163,680	1,017,260	146,420
Less: Treasury stock, at cost	(12,217)	(7,560)	(4,657)
Total Stockholders' Equity	1,399,059	1,257,297	141,762
Valuation and translation adjustments			
Unrealized gain on available-for-sale securities	10,695	29,173	(18,478)
Foreign currency translation adjustments and others	29,041	33,773	(4,732)
Total valuation and translation adjustments	39,737	62,946	(23,209)
Share subscription rights	1,614	663	951
Minority interests in consolidated subsidiaries	43,257	39,407	3,850
TOTAL NET ASSETS	1,483,669	1,360,315	123,354
TOTAL LIABILITIES AND NET ASSETS	1,918,544	1,859,995	58,549

4-2. Comparative Consolidated Statements of Income

For the fiscal year ended March 31, 2008 and 2007

	Millions of Yen		
	Apr.'07-Mar.'08 (A)	Apr.'06-Mar.'07 (B)	Increase (Decrease) (A-B)
Net sales	1,376,364	1,304,695	71,669
Cost of sales	946,940	933,199	13,741
Gross profit	429,424	371,496	57,928
Selling, general and administrative expenses	142,278	130,467	11,811
Operating income	287,145	241,028	46,117
Non-operating income:			
Interest income	9,107	8,545	562
Dividend income	1,365	1,112	253
Equity in earnings of affiliates	14,117	8,085	6,032
Other income	5,850	2,875	2,975
Total non-operating income	30,440	20,618	9,822
Non-operating expenses:			
Interest expenses	2,323	2,572	(249)
Loss on disposal of property, plant and equipment	1,431	2,903	(1,472)
Foreign exchange loss	3,643	4,689	(1,046)
Other expenses	10,147	4,463	5,684
Total non-operating expenses	17,546	14,629	2,917
Ordinary income	300,040	247,018	53,022
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	7,197	-	7,197
Total Extraordinary expenses	7,197	-	7,197
Income before income taxes	301,069	247,018	54,051
Income taxes-current	100,600	113,213	(12,613)
Income taxes-prior years	10,878	-	10,878
Income taxes-deferred	1,190	(25,286)	26,476
Minority interest in earnings of consolidated subsidiaries	4,820	5,080	(260)
Net income	183,580	154,010	29,570

4-3. Consolidated Statements of Changes in Net Assets

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 of 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

For the fiscal year ended March 31, 2007

(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	[Total]			
Balance as of March 31, 2006	119,419	128,178	882,412	(6,300)	1,123,711	38,599	11,369	49,968	-	34,219	1,207,898
Changes during the current year											
Cash dividends			(18,290)		(18,290)						(18,290)
Bonuses to directors and statutory auditors by appropriation			(485)		(485)						(485)
Net income			154,010		154,010						154,010
Increase of treasury stock				(5,090)	(5,090)						(5,090)
Disposal of treasury stock			(386)	3,830	3,443						3,443
Other		(1)			(1)						(1)
Changes other than stockholders' equity (NET)						(9,425)	22,403	12,978	663	5,187	18,830
Total changes during the current year	-	(1)	134,847	(1,260)	133,586	(9,425)	22,403	12,978	663	5,187	152,416
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

4-4. Comparative Consolidated Statements of Cash Flows

For the fiscal year ended March 31, 2008 and 2007

	<u>Millions of Yen</u>		
	Apr. '07-Mar. '08	Apr. '06-Mar. '07	Increase (Decrease) (A-B)
	(A)	(B)	(A-B)
1. Cash flows from operating activities			
Income before income taxes	301,069	247,018	54,051
Depreciation and amortization	141,269	138,462	2,807
Loss on impairment of fixed assets	7,197	-	7,197
Increase (decrease) in accrued retirement benefits	557	275	282
Loss on write-down of investment securities	274	333	(59)
Interest and dividend income	(10,472)	(9,658)	(814)
Interest expenses	2,323	2,572	(249)
Foreign exchange loss (gain)	5,562	1,061	4,501
Equity in earnings of affiliates	(14,117)	(8,085)	(6,032)
(Increase) decrease in notes and accounts receivable	(678)	(31,018)	30,340
(Increase) decrease in inventories	(36,642)	(18,416)	(18,226)
(Increase) decrease in long-term advance payment	(15,886)	(3,928)	(11,958)
Increase (decrease) in notes and accounts payable	(11,597)	30,805	(42,402)
Increase (decrease) in accrued expenses	(22,122)	6,786	(28,908)
(Increase) decrease in accounts receivable-other	(11,418)	(4,738)	(6,680)
Other, net	(15,293)	11,103	(26,396)
Subtotal	320,024	362,571	(42,547)
Proceeds from interest and dividends	17,129	13,323	3,806
Payment of interest	(2,352)	(2,633)	281
Payment of income taxes	(132,387)	(100,772)	(31,615)
Net cash provided by operating activities	202,413	272,488	(70,075)
2. Cash flows from investing activities			
Net (increase) decrease in marketable securities	21,668	(13,654)	35,322
Purchase of property, plant and equipment	(254,585)	(185,593)	(68,992)
Proceeds from sales of property, plant and equipment	2,979	232	2,747
Purchase of intangible fixed asset	(1,463)	(1,999)	536
Purchase of investment securities	(32,483)	(5,655)	(26,828)
Proceeds from sales and redemption of investment securities	36,009	30,315	5,694
Payments of loans	(597)	(103)	(494)
Proceeds from collection of loans	70	514	(444)
Other, net	(20,223)	(9,239)	(10,984)
Net cash used for investing activities	(248,626)	(185,183)	(63,443)
3. Cash flows from financing activities			
Net increase (decrease) in short-term borrowings	(704)	(3,614)	2,910
Proceeds from long-term debt	5,000	6,242	(1,242)
Repayment of long-term debt	(15,135)	(27,803)	12,668
Payment of debentures on redemption	-	(16,000)	16,000
Cash dividends paid	(36,580)	(18,290)	(18,290)
Other, net	(6,113)	(2,366)	(3,747)
Net cash used for financing activities	(53,534)	(61,833)	8,299
4. Effect of exchange rate change on cash and cash equivalents	(3,165)	5,197	(8,362)
5. Net increase (decrease) in cash and cash equivalents	(102,913)	30,669	(133,582)
6. Cash and cash equivalents at beginning of year	404,532	373,863	30,669
7. Cash and cash equivalents at end of year	301,619	404,532	(102,913)

4-5. Basis of Presenting Consolidated Financial Statements

After the release of last year's financial report presented on June 29, 2007, 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**Depreciation Method of Tangible Fixed Assets**

Effective in FY 2008, in accordance with the revised Japanese Corporation Tax Law, Shin-Etsu Chemical Co., Ltd. (the "Company") and its domestic subsidiaries changed the depreciation method of tangible fixed assets (except for semiconductor silicon manufacturing facilities/equipment) acquired on or after April 1, 2007.

As a result, the depreciation expenses for the FY 2008 increased by ¥2,228 million, and Operating income, Ordinary income and Income before income taxes each decreased by ¥1,933 million, compared with the amount under the formerly applied method.

(Additional Information)

Effective in FY 2008, in accordance with the revised Japanese Corporation Tax Law, the Company and its domestic subsidiaries depreciate the residual value of tangible fixed assets acquired on or before March 31, 2007, which was depreciated in accordance with former Japanese Corporation Tax Law, to memorandum value in five years using straight-line method.

As a result, the depreciation expenses for the FY 2008 increased by ¥1,125 million. Operating income, Ordinary income and Income before income taxes each decreased by ¥869 million, compared with the amount under the formerly applied method.

(Note to Consolidated Balance Sheets)

	Millions of Yen	
	Mar. 31, 2008	Mar. 31, 2007
Accumulated depreciation of property, plant and equipment	1,243,922	1,126,523

(Notes to Consolidated Statements of Income)

	Millions of Yen	
	Mar. 31, 2008	Mar. 31, 2007
1. Research and development costs	47,944	41,737
2. Loss on impairment of fixed assets		

During FY 2008, the Company and its consolidated subsidiaries recognized impairment losses for the following asset categories, recording a total of ¥7,197 million as Extraordinary expenses. The company and its consolidated subsidiaries' grouping of fixed assets is based on managerial accounting categories, which are regarded as the smallest units independently generating cash flows.

(1) The Company (Shin-Etsu Chemical Co., Ltd.) (Millions of Yen)

Location	Use	Asset category	Impairment loss
Kashima Plant (Kamisu-City, Ibaraki- Prefecture)	Manufacturing facilities for Polyvinyl chloride	Buildings and structures	2,040
		Machinery and equipment	2,448
		Others	1,272
		Total	5,761

The Polyvinyl chloride business is faced with various kinds of problems, such as soaring costs of raw materials, stagnating domestic demand in Japan, and an increase in world production accompanied by the construction of new large-scale facilities in those markets to which we have been exporting. For these reasons, the competition can be expected to be fiercer than before, and future positive cash flows cannot be expected. As a result, the book value of the assets shown above has been marked down to the recoverable amount, which is calculated at their value-in-use.

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

Location	Use	Asset category	Impairment loss
Tokyo Plant (Saitama-City, Saitama- Prefecture)	Production equipment for packaging products and production equipment for construction materials products	Buildings and structures	296
		Machinery and equipment	655
		Others	45
		Subtotal	996
Nanyo Plant (Shuunan-City, Yamaguchi- Prefecture)	Production equipment for construction materials products	Buildings and structures	271
		Machinery and equipment	144
		Others	23
		Subtotal	440
Total			1,436

The Construction Materials & Constructing segment (construction materials business) and Packaging Products segment (General packaging materials business) of Shin-Etsu Polymer have been suffering from a deteriorating profit structure, which was primarily caused by sluggish demand due to a decline in public investment and housing starts and changes in the form of packaging used. As a result, the book value of the assets at its Tokyo Plant and Nanyo Plant where these materials are produced has been marked down to the recoverable amount, which is calculated by their net selling price at disposition.

3. Income taxes-prior years

Income taxes-prior years consist of the amount of additional taxes paid due to the Notification of Correction of taxation based on transfer pricing.

(Segment Information)**1. Business Segment Information**

	Millions of Yen					
	Apr. 2007 - Mar. 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

	Millions of Yen					
	Apr. 2006 - Mar. 2007					
	Organic and Inorganic Chemicals	Electronics Materials	Functional Materials and Others	Total	Elimination or Common assets	Consolidated Total
Sales to outside customers	708,433	479,391	116,870	1,304,695	-	1,304,695
Intersegment sales	11,724	3,023	93,652	108,400	(108,400)	-
Total	720,158	482,414	210,522	1,413,096	(108,400)	1,304,695
Operating costs and expenses	613,471	375,767	182,918	1,172,158	(108,491)	1,063,666
Operating income	106,686	106,647	27,604	240,938	90	241,028
Assets	772,308	629,196	198,690	1,600,194	259,801	1,859,995
Depreciation	28,797	101,405	8,473	138,676	(213)	138,462
Capital expenditure	94,148	105,619	10,956	210,724	(111)	210,613

(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 year ended March 31, 2008 and 2007 were ¥274,992 million and ¥309,306 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. As mentioned in “Depreciation Method of Tangible Fixed Assets” and “Additional Information” in “4-6 Changes in Basis of Presenting Consolidated Financial Statements”, 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.

4. Additional information

(For the previous fiscal year ended March 31, 2007)

In FY 2007, the period of depreciation for semiconductor silicon manufacturing facilities/equipment was shortened from the previous period of 5 years to mainly 3 years. With this change, the depreciation expenses under Electronics Materials business segment for FY 2007, when compared with the figures calculated for the previous depreciable years, increased by ¥23,875 million. The operating expenses increased by ¥22,405 million, and accordingly, the operating income decreased by the same amount.

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

	Billions of Yen					
	Net Sales			Operating Income		
	Apr.'07 -Mar.'08	Apr.'06 -Mar.'07	Increase (Decrease)	Apr.'07 -Mar.'08	Apr.'06 -Mar.'07	Increase (Decrease)
Polyvinyl chloride	363.7	375.8	(12.1)	31.5	42.0	(10.5)
Silicones	199.7	198.8	0.9	43.1	42.3	0.8
Others	137.6	133.8	3.8	24.9	22.4	2.5
Total Organic and Inorganic Chemicals Business Segment	701.0	708.4	[(1.0%)] (7.4)	99.5	106.7	[(6.8%)] (7.2)
Semiconductor silicon	482.8	406.7	76.1	141.1	90.0	51.1
Others	81.9	72.7	9.2	21.0	16.6	4.4
Total Electronics Materials Business Segment	564.7	479.4	[17.8%] 85.3	162.1	106.6	[52.0%] 55.5
Synthetic quartz products	29.6	32.9	(3.3)	11.3	14.0	(2.7)
Rare earth magnets for general applications and Other functional materials	37.4	34.8	2.6	8.7	7.7	1.0
Others	43.7	49.2	(5.5)	6.0	5.9	0.1
Total Functional Materials and Others Business Segment	110.7	116.9	[(5.3%)] (6.2)	26.0	27.6	[(5.8%)] (1.6)
Elimination	-	-	-	(0.4)	0.1	(0.5)
Total	1,376.4	1,304.7	[5.5%] 71.7	287.1	241.0	[19.1%] 46.1

2. Geographic Segment Information

	Millions of Yen						
	Apr. 2007 - Mar. 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

	Millions of Yen						
	Apr. 2006 - Mar. 2007						
	Japan	North America	Asia/ Oceania	Europe	Total	Elimination or Common assets	Consolidated Total
Sales to outside customers	639,900	313,302	186,521	164,971	1,304,695	-	1,304,695
Intersegment sales	244,411	38,996	64,946	836	349,190	(349,190)	-
Total	884,312	352,298	251,467	165,808	1,653,886	(349,190)	1,304,695
Operating costs and expenses	709,156	314,015	236,212	154,857	1,414,242	(350,575)	1,063,666
Operating income	175,155	38,283	15,254	10,950	239,644	1,384	241,028
Assets	962,147	421,474	182,256	154,403	1,720,281	139,714	1,859,995

(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 year ended March 31, 2008 and 2007 were ¥274,992 million and ¥309,306million, 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. As mentioned in "Depreciation Method of Tangible Fixed Assets" and "Additional Information" in "4-6 Changes in Basis of Presenting Consolidated Financial Statements", 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 operating expenses for Japan geographic segment increased by ¥2,803 million, compared with the amount under the formerly applied method. Accordingly, the operating income decreased by the same amount.

4. Additional information

(For the previous fiscal year ended March 31, 2007)

In FY 2007, the period of depreciation for semiconductor silicon manufacturing facilities/equipment was shortened from the previous period of 5 years to mainly 3 years. As a result, operating expenses for Japan, North America, Asia/Oceania and Europe for FY 2007 increased by ¥13,321 million, ¥4,029 million, ¥2,954 million and ¥2,099 million, respectively, compared with the figures calculated for the previous depreciable years. Accordingly, operating income decreased by the same amounts.

3. Overseas Sales Information

	Millions of Yen				
	Apr. 2007 - Mar. 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

	Millions of Yen				
	Apr. 2006 - Mar. 2007				
	North America	Asia/ Oceania	Europe	Other Areas	Total
Overseas sales	295,093	393,314	164,005	47,925	900,338
Consolidated sales					1,304,695
Percentage of overseas sales over consolidated sales	22.6	30.1	12.6	3.7	69.0

(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 ¥97,017 million for the fiscal year ended March 31, 2007 and ¥104,808 million for the fiscal year ended March 31, 2008, respectively.

(Deferred Tax)

1. Factors of deferred tax assets and liabilities

	Millions of Yen	
	As of March 31, 2008	As of March 31, 2007
Deferred Tax Assets		
Depreciation	33,815	28,541
Maintenance cost	6,131	6,949
Unsettled accounts receivable and payable	5,760	7,450
Unrealized profit	4,917	4,463
Accrued bonus allowance	4,174	4,429
Special provision for accrued retirement benefits	3,886	3,636
Accrued enterprise taxes	3,065	3,678
Tax loss carry forwards	253	1,231
Others	17,184	25,207
Deferred Tax Assets sub-total	79,190	85,589
Valuation allowance	(3,752)	(4,217)
Deferred Tax Assets Total	75,437	81,371
Deferred Tax Liabilities		
Depreciation	16,734	19,998
Unrealized gain on available-for-sale securities	7,068	19,545
Reserve for special depreciation	396	809
Others	3,357	2,883
Deferred Tax Liabilities Total	27,555	43,237
Net Deferred Tax Assets	47,881	38,134

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

	Millions of Yen	
	As of March 31, 2008	As of March 31, 2007
Current assets : Deferred taxes, current	30,187	40,693
Fixed assets : Deferred taxes, non-current	35,011	26,259
Current liabilities : Others	(343)	(1)
Long-term liabilities: Deferred taxes, non-current	(16,973)	(28,817)

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

	As of March 31, 2008	As of March 31, 2007
Statutory tax rate	40.4%	40.4%
Rate difference from foreign subsidiaries	(4.4)	(2.7)
Tax deduction for research expenses	(0.7)	(1.0)
Dividend income not taxable	(1.7)	(0.5)
Entertainment and other non-deductible expenses	0.1	0.1
Correction of taxation based on transfer pricing	3.6	-
Others, net	0.1	(0.7)
Effective tax rate	37.4	35.6

(Securities)

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

As of March 31, 2007

(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	0	0	0
Debentures	19,103	19,107	4
Others	2,999	3,001	2
Subtotal	22,102	22,109	6
Securities with fair value that does not exceed book value			
National and local government bonds and others	2,101	2,090	(11)
Debentures	43,326	43,252	(73)
Others	12,193	12,181	(12)
Subtotal	57,621	57,524	(96)
Total	79,723	79,633	(90)

(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	29,205	77,891	48,685
Subtotal	29,205	77,891	48,685
Securities with book value that does not exceed acquisition cost			
Stocks	374	300	(74)
Subtotal	374	300	(74)
Total	29,580	78,192	48,611

(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	0
Non-listed overseas bonds	23,000
2. Investments in non-consolidated subsidiaries and affiliates	67,452
3. Available-for-sale securities	
Non-listed shares	3,503
Non-listed overseas bonds	127,272
Others	4,185

(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	128,383	990	-
Debentures	41,187	4,000	-
Others	34,309	21,124	-
2. Others	2,959	144	739
Total	206,839	26,260	739

(Per share information)

	<u>Apr.'07 - Mar.'08</u>	<u>Apr.'06 - Mar.'07</u>
Net assets per share (in yen)	3,344.17	3,065.80
Net income per share (in yen)	426.63	357.78
Diluted net income per share (in yen)	426.35	357.32

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

	<u>Millions of Yen</u>	
	<u>Apr.'07 - Mar.'08</u>	<u>Apr.'06 - Mar.'07</u>
Data for calculation of net income per share		
Net income	<u>183,580</u>	<u>154,010</u>
Amount which is not appropriated to shareholder of common stock	<u>-</u>	<u>-</u>
Net income belonging to common stock	<u>183,580</u>	<u>154,010</u>
Weighted average number of shares outstanding (in thousands share)	<u>430,304</u>	<u>430,466</u>
Data for calculation of diluted net income per share		
Adjustments to Net income	<u>(9)</u>	<u>(34)</u>
[Interest payable after income taxes in the above]	[-]	[-]
[Adjustment of share subscription rights in the above]	[(9)]	[(31)]
[Adjustment of convertible bond in the above]	<u>[-]</u>	<u>[(2)]</u>
Increase of common stock (in thousands share)	<u>257</u>	<u>455</u>
[Convertible bond in the above]	[-]	[-]
[Share subscription rights in the above]	<u>[257]</u>	<u>[455]</u>

Potential stock not to be included in calculation of diluted net income per share due to not working as dilution	Numbers of Share subscription rights 9,150*	-
*Share subscription rights resolved at the ordinary general meeting of shareholders held on June 28, 2007		

(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, 2008 and 2007

	<u>Millions of Yen</u>		
	Mar. 31, 2008 (A)	Mar. 31, 2007 (B)	Increase (Decrease) (A-B)
ASSETS			
Current Assets:			
Cash and time deposits	61,225	141,454	(80,229)
Notes and accounts receivable-trade	187,442	210,076	(22,634)
Securities	125,102	75,496	49,606
Inventories	65,105	50,160	14,945
Deferred taxes, current	16,104	17,867	(1,763)
Short-term loans	19,194	9,402	9,792
Other	44,510	37,911	6,599
Less: Allowance for doubtful accounts	(810)	(1,860)	1,050
Total current assets	<u>517,875</u>	<u>540,510</u>	<u>(22,635)</u>
Fixed Assets:			
Property, plant and equipment			
Buildings and structures	36,939	35,610	1,329
Machinery and equipment	48,866	45,167	3,699
Other	33,300	29,790	3,510
Total property, plant and equipment	<u>119,106</u>	<u>110,567</u>	<u>8,539</u>
Intangible fixed assets	<u>630</u>	<u>670</u>	<u>(40)</u>
Investments and other assets			
Investments in securities	62,391	90,874	(28,483)
Investments in capital stocks of subsidiaries and affiliates	129,485	129,209	276
Long-term loans	14,683	12,312	2,371
Long-term time deposits	-	10,000	(10,000)
Deferred taxes, non-current	4,385	-	4,385
Other	5,388	4,276	1,112
Less: Allowance for doubtful accounts	(10)	(10)	-
Total investments and other assets	<u>216,324</u>	<u>246,663</u>	<u>(30,339)</u>
Total fixed assets	<u>336,061</u>	<u>357,902</u>	<u>(21,841)</u>
TOTAL ASSETS	<u>853,936</u>	<u>898,412</u>	<u>(44,476)</u>

	<u>Millions of Yen</u>		
	Mar. 31, 2008 (A)	Mar. 31, 2007 (B)	Increase (Decrease) (A-B)
LIABILITIES			
Current Liabilities:			
Accounts payable-trade	111,340	126,241	(14,901)
Short-term borrowings	7,286	18,409	(11,123)
Accounts payable-others	23,046	22,149	897
Accrued expenses	17,539	23,572	(6,033)
Accrued income taxes	14,592	18,788	(4,196)
Other	2,239	3,799	(1,560)
	<u>176,045</u>	<u>212,961</u>	<u>(36,916)</u>
Total current liabilities			
Long-term Liabilities:			
Long-term debt	6,227	2,524	3,703
Deferred taxes, non-current	-	9,730	(9,730)
Other	2,557	897	1,660
	<u>8,785</u>	<u>13,151</u>	<u>(4,366)</u>
Total long-term liabilities			
	<u>184,830</u>	<u>226,112</u>	<u>(41,282)</u>
TOTAL LIABILITIES			
NET ASSETS			
Stockholders' Equity:			
Common stock	119,419	119,419	-
Additional paid-in capital	120,771	120,771	-
Retained earnings	430,011	416,942	13,069
Less: Treasury stocks, at cost	(12,217)	(7,560)	(4,657)
	<u>657,985</u>	<u>649,573</u>	<u>8,412</u>
Total Stockholders' Equity			
Valuation and translation adjustments	9,727	22,196	(12,469)
Share subscription rights	1,393	529	864
	<u>669,105</u>	<u>672,299</u>	<u>(3,194)</u>
TOTAL NET ASSETS			
	<u>853,936</u>	<u>898,412</u>	<u>(44,476)</u>
TOTAL LIABILITIES AND NET ASSETS			

5-2. Comparative Non-consolidated Statements of Income

For the fiscal year ended March 31, 2008 and 2007

	<u>Millions of Yen</u>		
	Apr.'07- Mar.'08 (A)	Apr.'06- Mar.'07 (B)	Increase (Decrease) (A-B)
Net sales	708,580	697,248	11,332
Cost of sales	577,577	574,672	2,905
Gross profit	131,002	122,576	8,426
Selling, general and administrative expenses	49,071	41,375	7,696
Operating income	81,931	81,200	731
Non-operating income:			
Interest income	1,059	759	300
Dividend income	13,065	3,719	9,346
Other income	2,575	2,114	461
Total Non-operating income	16,700	6,593	10,107
Non-operating expenses:			
Interest expenses	389	438	(49)
Other expenses	5,712	7,281	(1,569)
Total Non-operating expenses	6,102	7,719	(1,617)
Ordinary income	92,528	80,075	12,453
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
Total Extraordinary expenses	5,761	-	5,761
Income before income taxes	90,677	80,075	10,602
Income taxes-current	33,470	34,760	(1,290)
Income taxes-prior years	10,878	-	10,878
Income taxes-deferred	(3,900)	(5,770)	1,870
Net income	50,229	51,085	(856)

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

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

For the fiscal year ended March 31, 2007

(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, 2006	119,419	120,771	6,778	378,055	384,833	(6,300)	618,725	28,325	-	647,050
Changes during the current year										
Cash dividends				(18,290)	(18,290)		(18,290)			(18,290)
Bonuses to directors and statutory auditors by appropriation				(299)	(299)		(299)			(299)
Net income				51,085	51,085		51,085			51,085
Increase of treasury stock						(5,090)	(5,090)			(5,090)
Disposal of treasury stock				(386)	(386)	3,830	3,443			3,443
Changes other than stockholders' equity (NET)								(6,129)	529	(5,600)
Total changes during the current year	-	-	-	32,108	32,108	(1,260)	30,848	(6,129)	529	25,248
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