

Financial Summary

For the year ended March 31, 2011

(April 28, 2011)
Shin-Etsu Chemical Co., Ltd.



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Operating Performance

(Billions of Yen)

	Consolidated		
	Fiscal year 09/4-10/3	Fiscal year 10/4-11/3	Increase (Decrease)
Net Sales	916.8	1,058.3	15.4% 141.5
Operating income	117.2	149.2	27.3% 32.0
Ordinary income	127.0	160.3	26.2% 33.3
Net income	83.9	100.1	19.4% 16.2
ROE	6.0%	7.0%	1.0points
ROA	7.4%	9.0%	1.6points
Per share (in Yen)			
Net income	197.53	235.80	38.27
Cash dividend	100.00	100.00	-

Non-consolidated		
Fiscal year 09/4-10/3	Fiscal year 10/4-11/3	Increase (Decrease)
553.9	602.8	8.8% 48.9
70.7	76.8	8.6% 6.1
78.5	77.5	(1.2%) (1.0)
51.9	44.5	(14.3%) (7.4)
7.9%	6.7%	(1.2points)
9.8%	9.4%	(0.4points)
122.35	104.85	(17.50)

Notes: (1) ROE: Return (Net income) on equity.

Equity used for this calculation is net assets excluding both share subscription rights and minority interests in consolidated subsidiaries.

(2) ROA: Return (Ordinary income) on total assets.

(Billions of Yen)

	Consolidated		
	Mar. 31 2010	Mar. 31 2011	Increase (Decrease)
Net Assets	1,474.2	1,469.4	(4.8)
Total Assets	1,769.1	1,784.2	15.1
Equity Ratio	80.9%	80.0%	(0.9points)
Net Assets per share (in Yen)	3,371	3,360	(11)

Non-consolidated		
Mar. 31 2010	Mar. 31 2011	Increase (Decrease)
667.4	666.2	(1.2)
824.2	821.4	(2.8)
80.6%	80.7%	0.1points
1,564	1,561	(3)



Financial Highlights

(Billions of Yen)

	Consolidated		Non-consolidated	
	Fiscal year 09/4-10/3	Fiscal year 10/4-11/3	Fiscal year 09/4-10/3	Fiscal year 10/4-11/3
Capital expenditures	123.8	119.9	24.1	20.7
Depreciation and amortization	87.7	93.7	24.1	26.5
R&D costs	33.6	37.3	25.1	28.0
Interest-bearing liabilities	19.8	14.3	11.4	11.4
Number of employees	16,955	16,302	2,647	2,656
Exchange rate: Jan - Dec (Avg)	93.6	87.8	-	-
(Yen/US\$) Apr - Mar (Avg)	92.8	85.7	92.8	85.7

Notes: (1) An average exchange rate between January and December was used for the Consolidated Income Statements of overseas subsidiaries.

(2) For further exchange rate data, please see Appendix (1) on page 19.

● ● ● | Segment Information

(Billions of Yen)

	Net Sales			Operating Income		
	Fiscal year 09/4-10/3	Fiscal year 10/4-11/3	Increase (Decrease)	Fiscal year 09/4-10/3	Fiscal year 10/4-11/3	Increase (Decrease)
PVC/Chlor-Alkali Business	237.7	283.5	19.3% 45.8	19.6	19.7	0.5% 0.1
Silicones Business	122.3	143.1	16.9% 20.8	24.9	34.1	36.7% 9.2
Specialty Chemicals Business	80.5	83.5	3.8% 3.0	13.9	12.9	(7.1%) (1.0)
Semiconductor Silicon Business	254.0	283.8	11.7% 29.8	22.6	38.9	71.7% 16.3
Electronics & Functional Materials Business	113.8	141.4	24.3% 27.6	30.7	36.1	17.5% 5.4
Diversified Business	108.5	123.0	13.4% 14.5	6.8	7.3	8.2% 0.5
Adjustment	-	-	-	(1.3)	0.2	1.5
Total	916.8	1,058.3	15.4% 141.5	117.2	149.2	27.3% 32.0

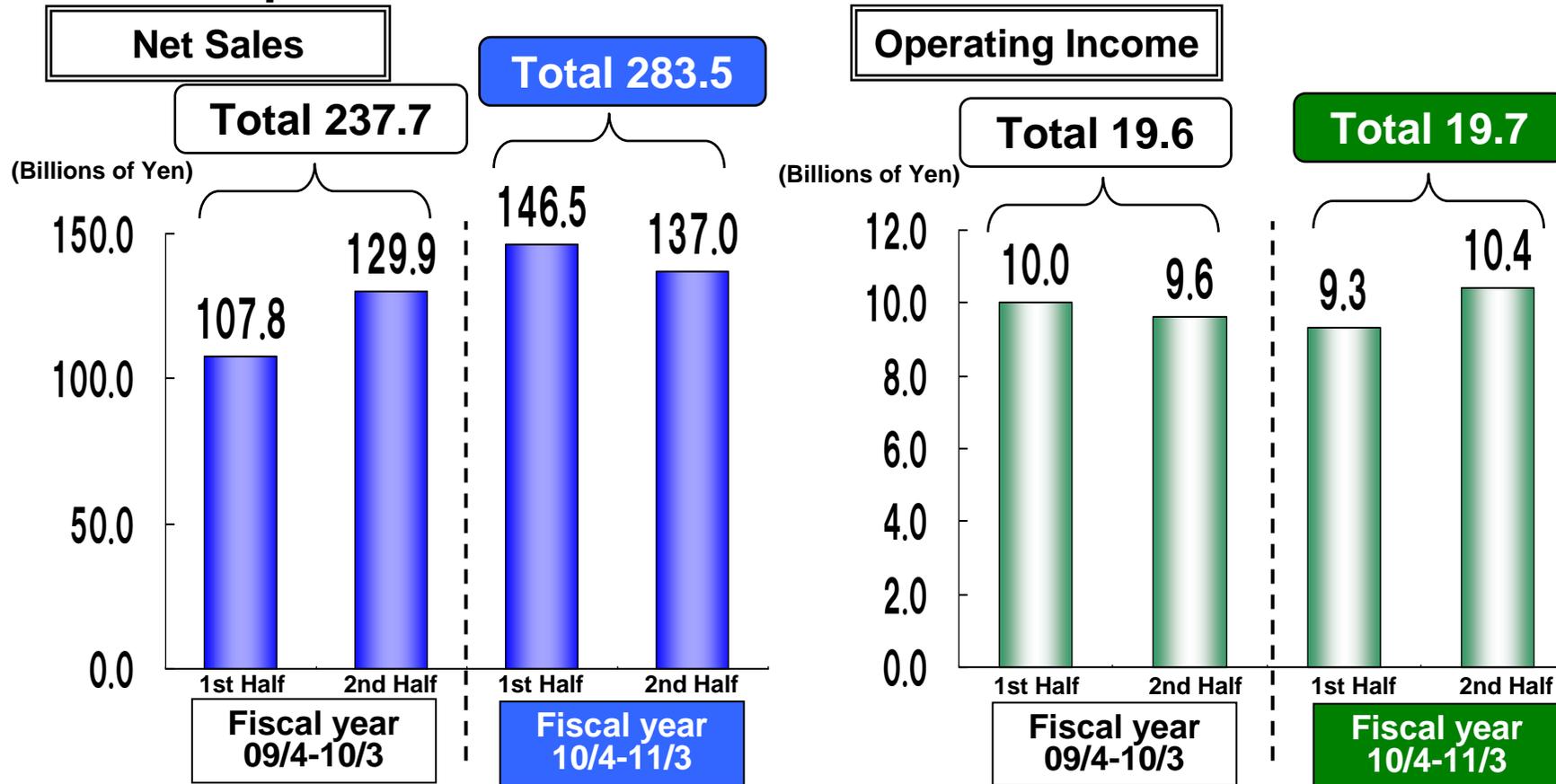


Capital expenditures and Depreciation and amortization by Segment

(Billions of Yen)

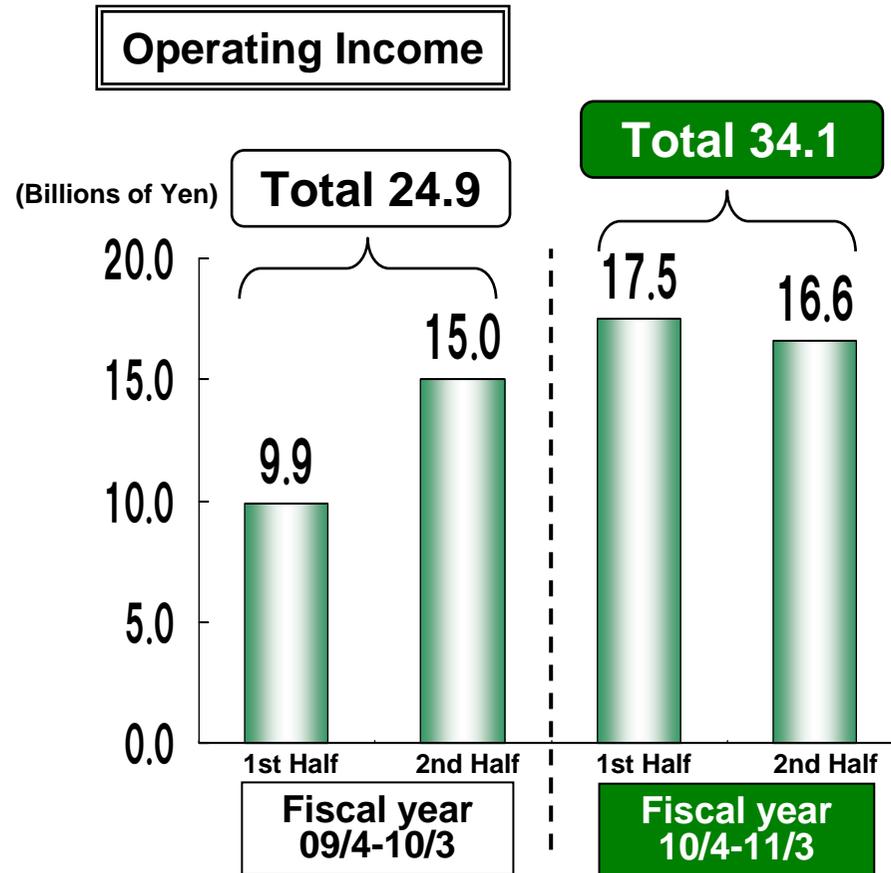
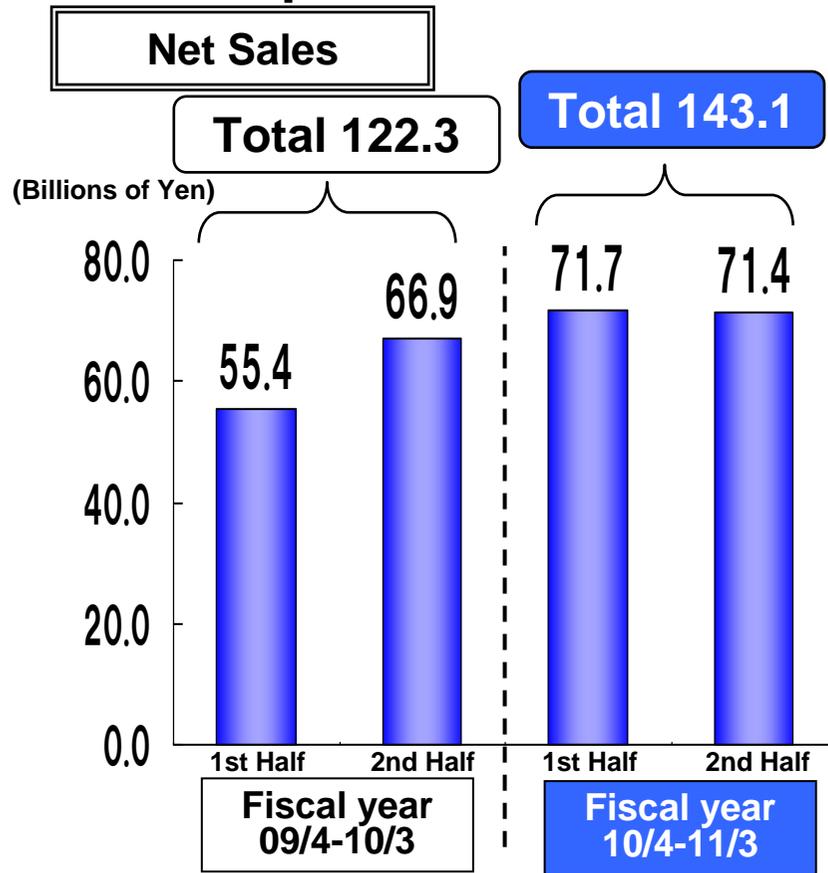
	Fiscal year 09/4-10/3	Fiscal year 10/4-11/3
Capital expenditures	123.8	119.9
PVC/Chlor- Alkali Business	67.7	55.7
Silicones Business	5.1	9.6
Specialty Chemicals Business	20.5	14.7
Semiconductor Silicon Business	12.1	24.4
Electronics & Functional Materials Business	12.8	12.5
Diversified Business	7.1	3.3
Depreciation and amortization	87.7	93.7
PVC/Chlor- Alkali Business	12.1	12.8
Silicones Business	8.3	8.0
Specialty Chemicals Business	9.6	8.2
Semiconductor Silicon Business	41.7	46.0
Electronics & Functional Materials Business	12.1	14.7
Diversified Business	4.2	4.4

● ● ● | PVC/Chlor-Alkali Business Segment



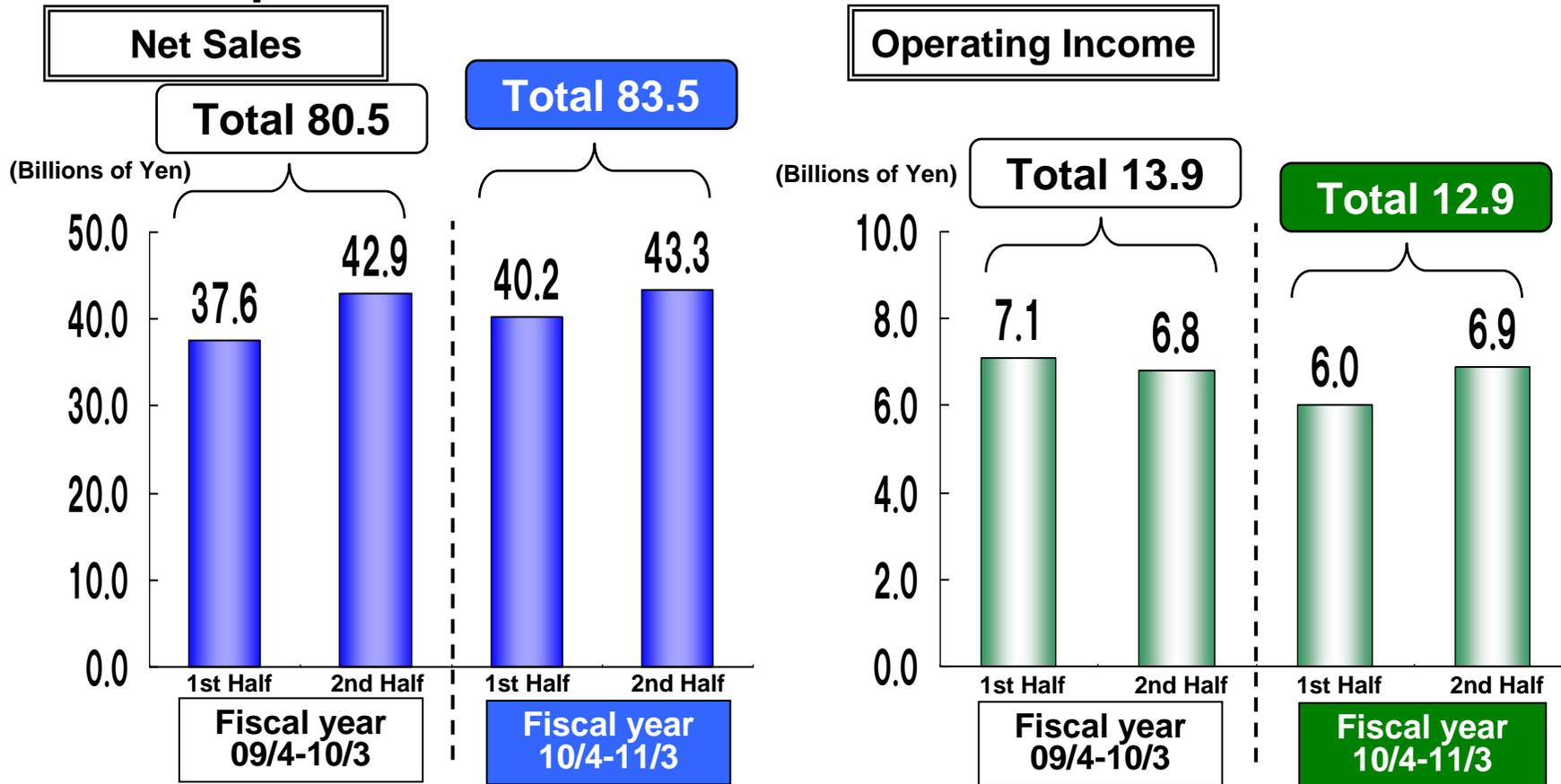
- With regard to PVC, while sluggish demand continued due to the long-term slump in the U.S. housing market, Shintech Inc. in the U.S. maintained a high level of shipments with sales to its worldwide customers, and the company expanded its business.
- Shin-Etsu PVC in The Netherlands maintained strong shipments.
- In Japan, in addition to a rise in raw materials prices and sluggish demand, there were also the effects of the stoppage of operations at the Kashima Plant as a consequence of the Great East Japan Earthquake, and a tough situation continued.

● ● ● | Silicones Business Segment



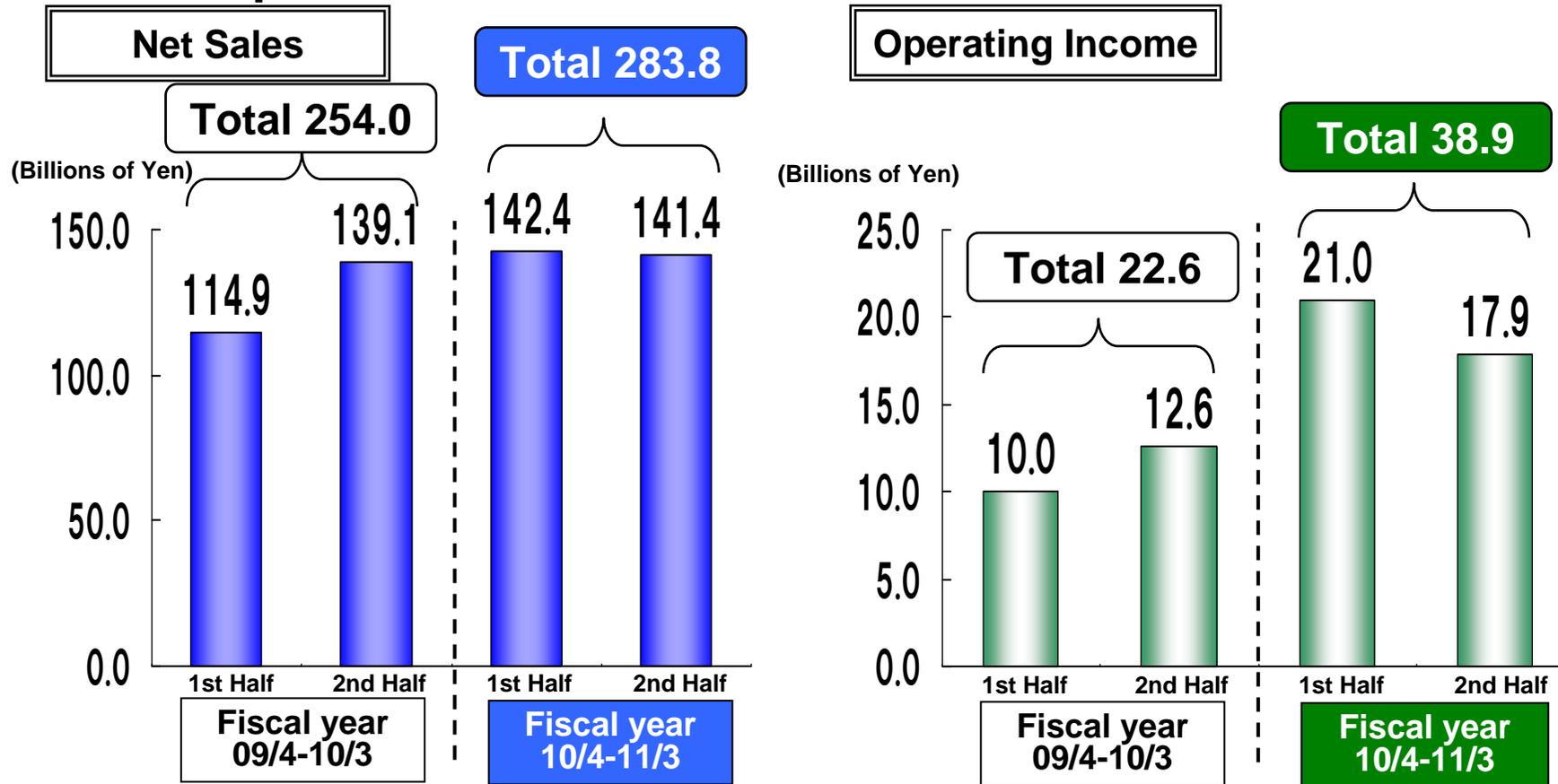
- With regard to the silicones business, sales in Japan continued to do well in a wide range of product areas in addition to those applications in the electronics, automobile and cosmetic fields. Moreover, in our international silicones business, demand recovery continued, mainly in the Asian region, and on the whole the silicones business continued to be strong.

● ● ● | Specialty Chemicals Business Segment



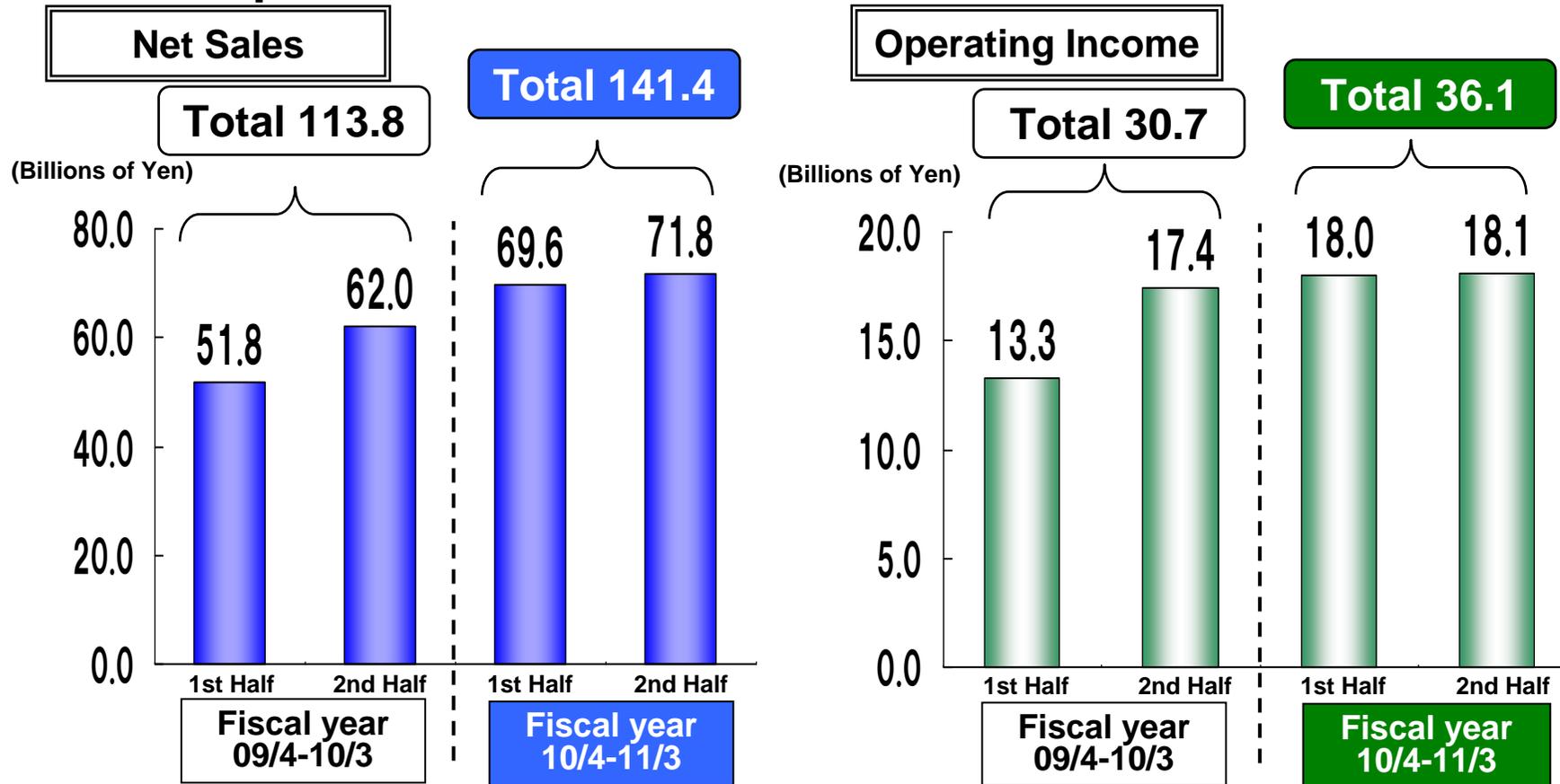
- With regard to sales of cellulose derivatives, in Japan the business continued to be strong, mainly in pharmaceutical products and automotive-related products.
- The business of SE Tylose in Germany was affected by the low level of prices for building and construction application products, and its business continued to be weak.

● ● ● | Semiconductor Silicon Business Segment



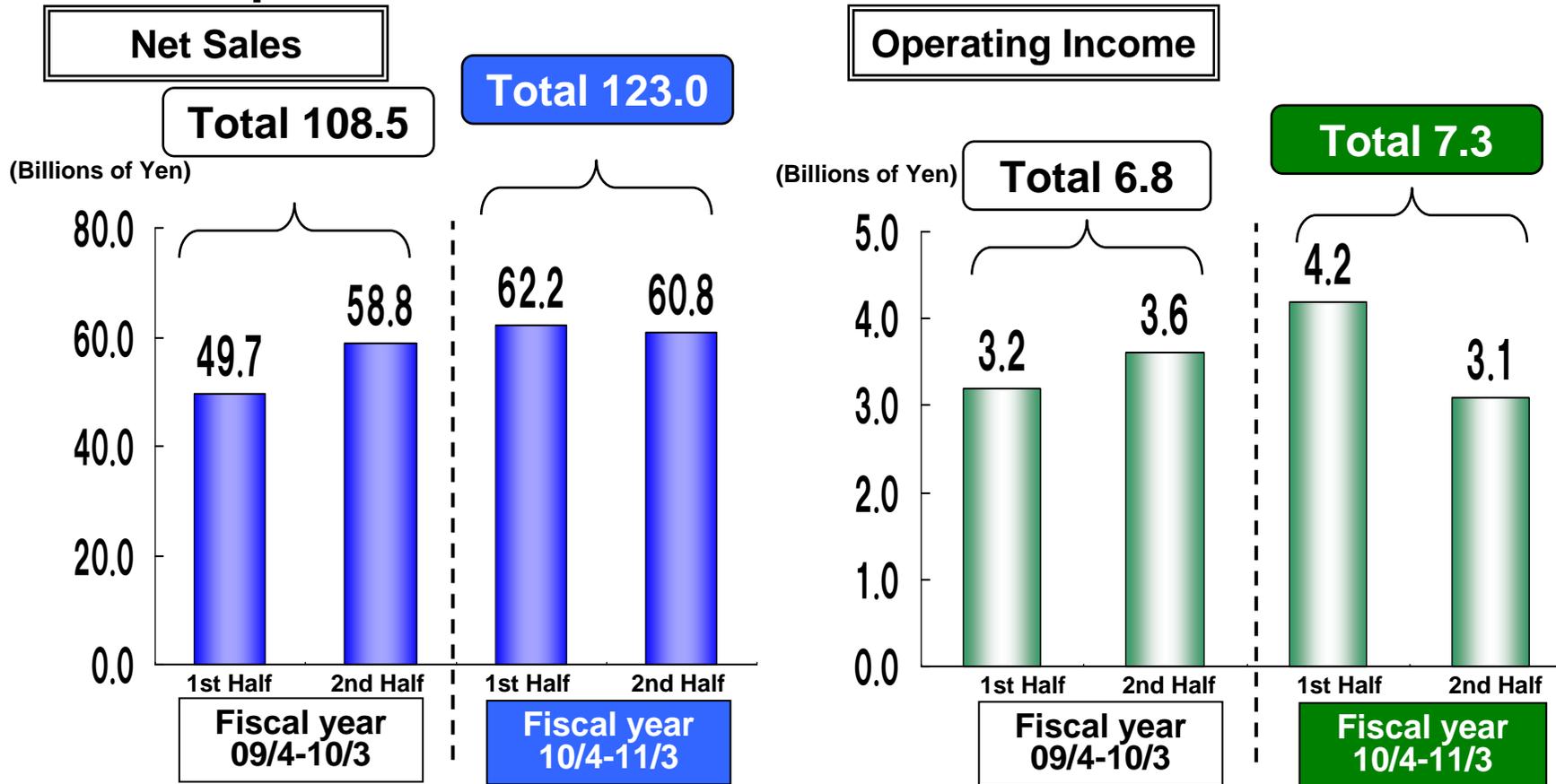
- With regard to semiconductor silicon, during the first half of FY 2011 the business remained firm due to a recovery in demand for semiconductor devices in wide product application areas such as for PCs and mobile phones. However, in the second half of the fiscal year, business was affected by inventory adjustments in devices and the stoppage of the operations of the Shirakawa Plant due to the Great East Japan Earthquake.

● ● ● | Electronics & Functional Materials Business Segment



- With regard to rare earth magnets, the business continued to do well for applications in hybrid cars and for energy-efficient types of air conditioners.
- The photoresists products business remained strong, aided by progress in the miniaturization of semiconductor devices.
- The business of coating material for LEDs also expanded greatly.
- With regard to synthetic quartz products, large-size photomask substrates used for LCDs and optical fiber preform remained strong in general; however, the optical fiber preform business was affected by the stoppage of operations of the Kashima Plant due to the Great East Japan Earthquake.

● ● ● | Diversified Business Segment



- Although the business of keypads for mobile phones remained weak due to such factors as intensifying price competition, Shin-Etsu Polymer Co., Ltd.'s sales of semiconductor wafer-related containers turned out to be on a recovery track.
- The engineering business was firm.

● ● ● | Quarterly Sales by Segment

(Sales)

(Billions of Yen)

	Fiscal year 09/4-10/3					Fiscal year 10/4-11/3				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
PVC/Chlor-Alkali Business	46.5	61.3	68.2	61.7	237.7	70.4	76.1	66.6	70.4	283.5
Silicones Business	24.9	30.5	33.8	33.1	122.3	35.4	36.3	35.9	35.5	143.1
Specialty Chemicals Business	17.6	20.0	21.0	21.9	80.5	19.5	20.7	21.2	22.1	83.5
Semiconductor Silicon Business	53.2	61.7	70.1	69.0	254.0	69.2	73.2	76.5	64.9	283.8
Electronics & Functional Materials Business	24.1	27.7	29.4	32.6	113.8	33.8	35.8	36.2	35.6	141.4
Diversified Business	23.8	25.9	28.5	30.3	108.5	31.4	30.8	33.2	27.6	123.0
Total	190.1	227.1	251.0	248.6	916.8	259.7	272.9	269.6	256.1	1,058.3

● ● ● | Quarterly Operating Income by Segment

(Operating Income)

(Billions of Yen)

	Fiscal year 09/4-10/3					Fiscal year 10/4-11/3				
	1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
PVC/Chlor-Alkali Business	4.9	5.1	5.4	4.2	19.6	3.1	6.2	5.1	5.3	19.7
Silicones Business	3.2	6.7	7.2	7.8	24.9	9.1	8.4	8.3	8.3	34.1
Specialty Chemicals Business	2.9	4.2	3.2	3.6	13.9	3.0	3.0	3.2	3.7	12.9
Semiconductor Silicon Business	4.1	5.9	6.3	6.3	22.6	9.4	11.6	10.3	7.6	38.9
Electronics & Functional Materials Business	5.1	8.2	8.2	9.2	30.7	8.9	9.1	9.2	8.9	36.1
Diversified Business	0.5	2.7	1.8	1.8	6.8	2.3	1.9	1.6	1.5	7.3
Adjustment	(0.1)	(0.5)	(0.5)	(0.2)	(1.3)	0.3	(0.2)	0.2	(0.1)	0.2
Total	20.6	32.3	31.6	32.7	117.2	36.1	40.0	37.9	35.2	149.2



Operating Performance of Shintech, Inc.

	Fiscal year 09/1-09/12		Fiscal year 10/1-10/12		Increase (Decrease) on US\$ basis
	Millions of US\$	Billions of Yen	Millions of US\$	Billions of Yen	
Net Sales	1,667	156.0	2,273	199.6	36.3%
Ordinary Income	172	16.1	193	17.0	12.0%
Net Income	112	10.5	129	11.4	15.2%
Net Assets	2,705	249.2	2,835	231.0	
Total Assets	3,375	310.9	4,014	327.1	

Exchange rate Jan-Dec (Average) : Fiscal year 09/1-09/12	93.6 Yen/US\$
Fiscal year 10/1-10/12	87.8 Yen/US\$



Operating Performance of Shin-Etsu Handotai Group

Shin-Etsu Handotai Group (Consolidated)

(Shin-Etsu Handotai, SEH-America, SEH-Malaysia, SEH-Europe, SEH-Taiwan)

(Billions of Yen)

	Fiscal year 09/4-10/3	Fiscal year 10/4-11/3	Increase (Decrease)
Net Sales	247.6	276.0	11.5%
Ordinary Income	21.0	42.0	99.5%
Net Income	17.0	18.3	7.6%
Net Assets	340.1	347.8	
Total Assets	423.9	440.3	

Note: The financial statements of the overseas Shin-Etsu Handotai Group companies are calculated based on the FY ended December 2009 and 2010.

Comparative Income Statements (Consolidated)

(Billions of Yen)

	Fiscal year 09/4-10/3	Fiscal year 10/4-11/3	Increase (Decrease)
Net Sales	916.8	1,058.3	15.4% 141.5
Cost of sales	700.9	803.6	102.7
Selling, general and administrative expenses	98.7	105.5	6.8
Operating Income	117.2	149.2	27.3% 32.0
Non-operating income/expenses	9.8	11.1	1.3
Ordinary Income	127.0	160.3	26.2% 33.3
Extraordinary loss ⁽¹⁾	-	21.0	21.0
Income Before Income Taxes	127.0	139.3	9.7% 12.3
Income taxes	42.4	48.6	6.2
Income taxes for prior periods ⁽²⁾	-	(10.7)	(10.7)
Minority interests in earnings of consolidated subsidiaries	0.8	1.2	0.4
Net Income	83.9	100.1	19.4% 16.2

- Notes: (1) Loss on disaster due to the Great East Japan Earthquake.
(Plant recovery cost, inventory losses, fixed cost during stoppage of operations and other related costs)
- (2) Refund of corporate taxes as a result of an agreement between Japanese and U.S. authorities for settling a dispute about transfer pricing taxation.

Comparative Balance Sheets (Consolidated)

(Billions of Yen)

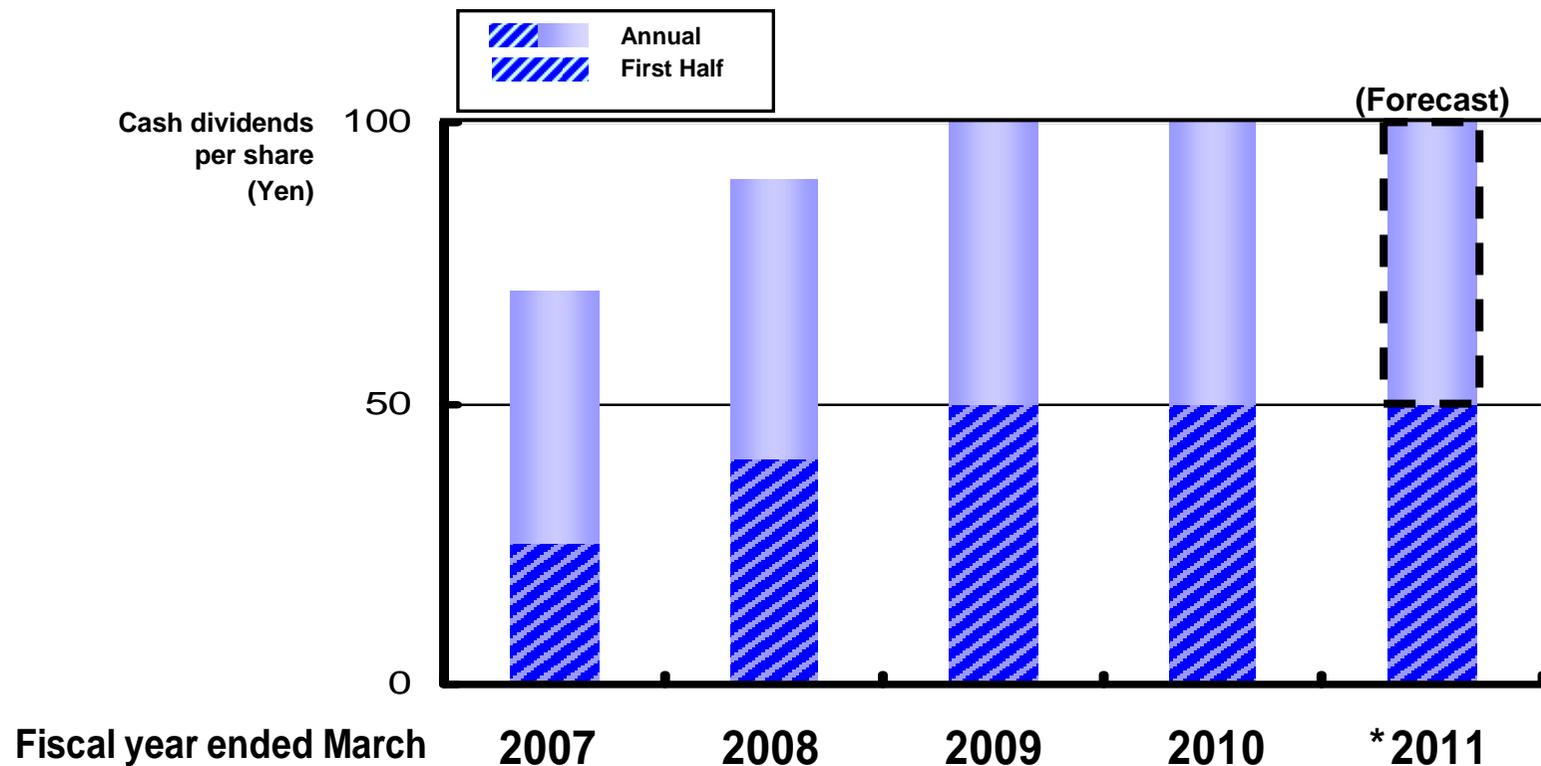
	March 31 2010	March 31 2011	Increase (Decrease)		March 31 2010	March 31 2011	Increase (Decrease)
Current Assets	842.6	887.9	45.3	Current Liabilities	230.1	249.4	19.3
Cash and time deposits	209.0	244.0	35.0	Notes and accounts payable-trade	93.3	110.8	17.5
Notes and accounts receivable-trade	273.9	270.5	(3.4)	Short-term borrowings	11.9	8.7	(3.2)
Securities	109.8	116.7	6.9	Accrued expenses and Accounts payable-other	96.6	74.0	(22.6)
Inventories	183.6	188.3	4.7	Accrued income taxes	18.2	21.1	2.9
Deferred taxes, current	26.0	21.1	(4.9)	Provision for loss on disaster	-	24.4	24.4
Other	40.3	47.3	7.0	Other	10.2	10.5	0.3
Fixed Assets	926.6	896.2	(30.4)	Long-term Liabilities	64.8	65.3	0.5
Property, Plant and Equipment	646.1	620.3	(25.8)	Long-term debt	7.9	5.5	(2.4)
Buildings and structures	167.2	155.7	(11.5)	Deferred taxes, non-current	38.1	39.5	1.4
Machinery and equipment	264.0	252.2	(11.8)	Other	18.8	20.3	1.5
Other	214.9	212.4	(2.5)	Total liabilities	294.9	314.7	19.8
Intangible Fixed Assets	17.1	14.0	(3.1)	Stockholders' equity	1,525.1	1,582.7	57.6
Investments and Other Assets	263.4	261.9	(1.5)	Common stock	119.4	119.4	-
Investments in securities	162.4	155.9	(6.5)	Additional paid-in capital	128.2	128.2	-
Deferred taxes, non-current	22.1	22.2	0.1	Retained earnings	1,318.4	1,376.0	57.6
Other	78.9	83.8	4.9	Less: Treasury stock, at cost	(40.9)	(40.9)	0.0
				Accumulated other comprehensive income	(94.0)	(155.9)	(61.9)
				Share subscription rights	3.6	3.8	0.2
				Minority interests in consolidated subsidiaries	39.4	38.8	(0.6)
				Total net assets	1,474.2	1,469.4	(4.8)
Total assets	1,769.1	1,784.2	15.1	Total liabilities and net assets	1,769.1	1,784.2	15.1

Comparative Statements of Cash Flows (Consolidated)

(Billions of Yen)

	Fiscal year 09/4-10/3	Fiscal year 10/4-11/3	Increase (Decrease)
(1) Cash Flows from Operating Activities	171.5	217.5	46.0
Income before income taxes	127.0	139.3	12.3
Payment of income taxes	(18.2)	(33.3)	(15.1)
Income taxes refund	-	9.6	9.6
Depreciation and amortization	87.7	93.7	6.0
(Increase) decrease in working capital	(8.8)	2.3	11.1
Equity in earnings of affiliates	(10.0)	(12.6)	(2.6)
Others	(6.2)	18.5	24.7
(2) Cash Flows from Investing Activities	(102.8)	(132.0)	(29.2)
Expenditure for purchase of tangible and intangible fixed assets	(132.6)	(119.1)	13.5
Decrease (increase) in securities	27.6	(1.3)	(28.9)
Others	2.2	(11.6)	(13.8)
(3) Cash Flows from Financing Activities	(51.0)	(48.6)	2.4
Decrease in borrowings	(8.0)	(5.6)	2.4
Purchase of treasury stock	(42.4)	(42.5)	(0.1)
Others	(0.6)	(0.5)	0.1
(4) Effect of Exchange Rate Changes on Cash and Cash Equivalents, and other	1.7	(5.0)	(6.7)
Net Increase (Decrease) in Cash and Cash Equivalents	19.4	31.9	12.5
Balance of Cash and Cash Equivalents	270.4	302.3	31.9
Balance of Interest-bearing Liabilities	19.8	14.3	(5.5)

● ● ● | Cash dividends per share



Cash dividends per share (in Yen)	First half	25	40	50	50	50
	Annual	70	90	100	100	* 100
Net income per share (in Yen)	First half	174.08	221.16	235.04	83.70	146.83
	Annual	357.78	426.63	362.39	197.53	235.80
Dividend payout ratio	Annual	19.6%	21.1%	27.6%	50.6%	42.4%

*Forecast

● ● ● | Appendix (1) (For reference)

1) Average Exchange Rate

		US\$ (yen/\$)					EUR (yen/€)				
		Quarterly	6 months		12 months		Quarterly	6 months		12 months	
			Jan-Jun	Apr-Sep	Jan-Dec	Apr-Mar		Jan-Jun	Apr-Sep	Jan-Dec	Apr-Mar
Jul-Dec	Oct-Mar	Jul-Dec	Oct-Mar								
2009	Jan-Mar	93.6	95.4	93.6	92.8	121.8	127.2	130.2	131.2		
	Apr-Jun	97.3				132.6					
	Jul-Sep	93.7	95.4			133.7	133.2				
	Oct-Dec	89.7	91.7			132.7	129.2				
2010	Jan-Mar	90.7	91.4	87.8	85.7	125.6	121.3	116.4	113.1		
	Apr-Jun	92.0				117.0				113.8	
	Jul-Sep	85.9	84.3			110.7	111.5				
	Oct-Dec	82.6	82.5			112.2	112.4				
2011	Jan-Mar	82.3				112.6					

Note: An average exchange rate between January and December was used for the Consolidated income Statements of overseas subsidiaries.

● ● ● | Appendix (2) (For reference)

2) Sales by Region

(Billions of Yen)

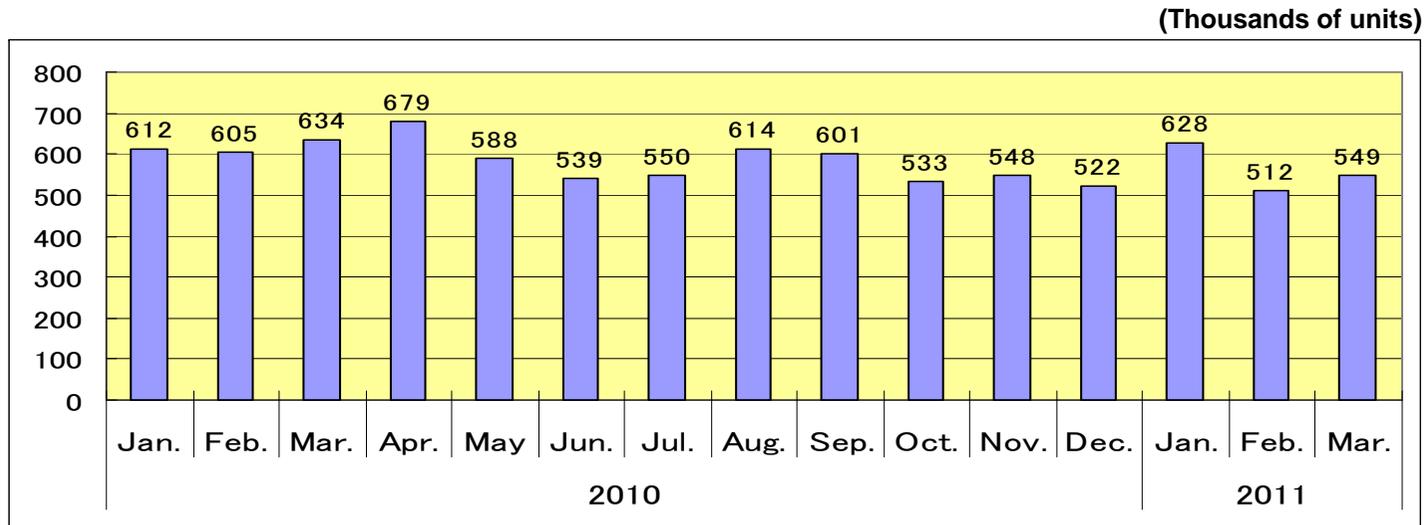
	Japan	Overseas						Total Consolidated Net Sales
		North America	Asia/Oceania		Europe	Other Areas	Total	
			China					
Fiscal year 09/4-10/3	38.7% 354.8	15.0% 137.3	28.3% 259.2	10.7% 98.0	10.7% 98.5	7.3% 67.0	61.3% 562.0	916.8

	Japan	Overseas						Total Consolidated Net Sales
		USA	Asia/Oceania		Europe	Other Areas	Total	
			China					
Fiscal year 10/4-11/3	36.5% 386.1	14.5% 153.1	28.9% 305.5	10.7% 113.7	11.6% 122.8	8.5% 90.8	63.5% 672.2	1,058.3

Note: % indicates the proportion of total consolidated net sales.

● ● ● | Appendix (3) (For reference)

3) Housing Starts in the U.S.A. (Seasonally Adjusted Annual Rate)



Annual Trend of Housing Starts in the U.S.A. (10 years history)

(Thousands of units)

2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
1,603	1,705	1,848	1,956	2,068	1,801	1,355	906	554	587

Data Source: United States Department of Commerce

● ● ● | Appendix (4) (For reference)

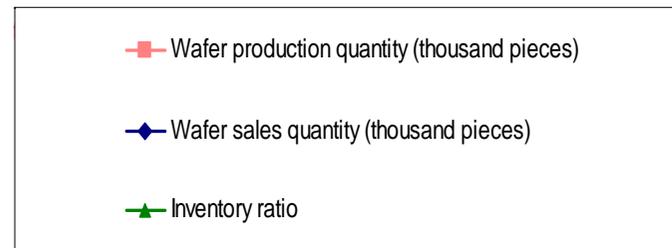
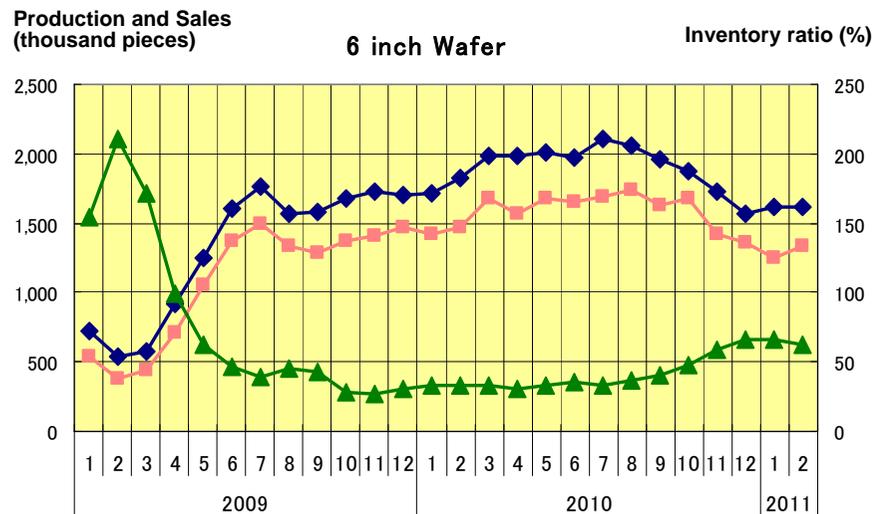
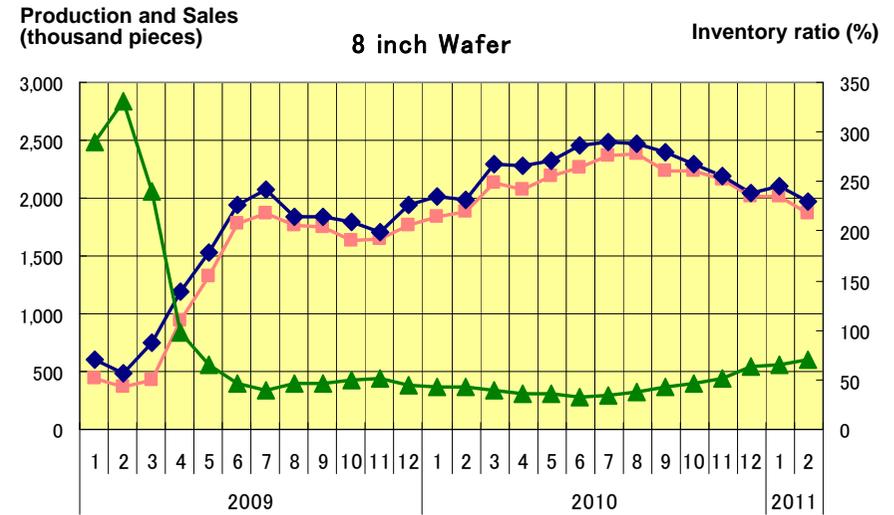
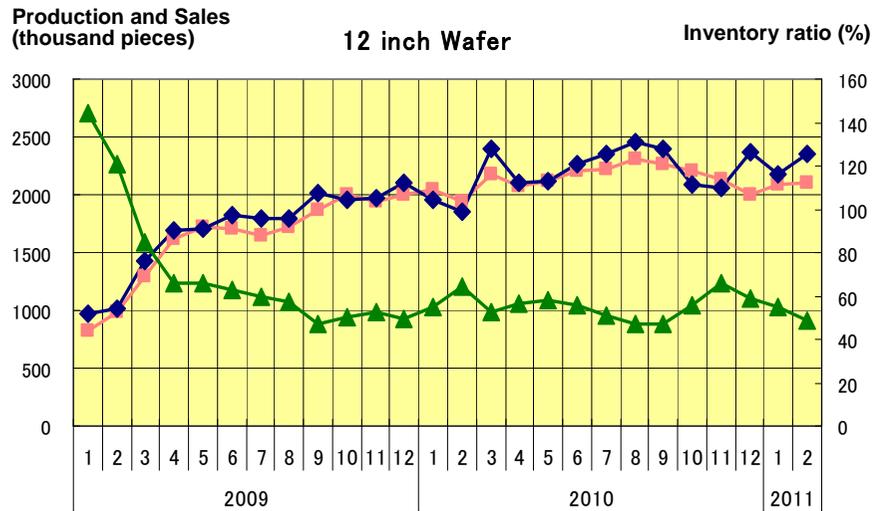
4) Trend of Naphtha Price Traded in Japan

(Yen / KL)

Fiscal Year 09/4-10/3				Fiscal Year 10/4-11/3			
(2009) Apr-Jun	Jul-Sep	Oct-Dec	(2010) Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	(2011) Jan-Mar
33,300	41,200	42,500	47,700	49,700	42,700	45,100	52,600

Calculated by Shin-Etsu Chemical (Data Source: Japan Ministry of Finance)

5) Statistics of Silicon Wafers Produced in Japan by wafer size



Data Source: Japan Ministry of Economy, Trade and Industry
Japan Society of Newer Metals

● ● ● | Recent Topics (April 1, 2010 - April 24, 2011)

- 2010.4** Shin-Etsu Chemical announced that its U.S. subsidiary Shintech is currently implementing further expansion of its integrated PVC production facilities, doubling their vinyl chloride monomer production capacity in Louisiana from 800 thousand to 1.6 million tons per year.
- 2010.5** Shin-Etsu Chemical announced personnel matters regarding its Chairman and President.
- 2010.6** Shin-Etsu Chemical announced an agreement made under the Mutual Agreement Procedure between Japan and the United States, relating to transfer pricing taxation on the profits of its U.S. subsidiary Shintech.
- 2010.6** Shin-Etsu Chemical announced the establishment of a new subsidiary in China's Jiangsu Province, and construction of a silicones manufacturing plant there.
- 2010.8** Shin-Etsu Chemical announced a price increase for its rare earth magnets.
- 2010.10** Shin-Etsu Chemical announced the establishment of a joint-venture company in China's Jiangsu Province, and construction of an optical fiber preform manufacturing plant there.
- 2010.12** Shin-Etsu Chemical announced a price increase for its PVC resin produced in Japan.
- 2011.1** Shin-Etsu Chemical announced a price increase for its silicone products.
- 2011.3 – 2011.4**
Shin-Etsu Chemical announced the present situation of the Shin-Etsu Group, as impacted by the Great East Japan Earthquake. (Updated from 1st Report to 8th Report)

★ For details, please refer to reports on those matters on our website at <http://www.shinetsu.co.jp/e/>

