

Financial Summary

For the six months ended September 30, 2009

(October 26, 2009)

Shin-Etsu Chemical Co., Ltd.



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Operating Performance (Consolidated)

(Billions of Yen)

	2008 Apr. - Sep.	2009 Apr. - Sep.	Increase (Decrease)
Net Sales	695.4	417.2	(40.0%) (278.2)
Operating Income	150.1	52.9	(64.7%) (97.2)
Ordinary Income	156.5	55.8	(64.3%) (100.7)
Net Income	101.0	35.5	(64.8%) (65.5)
Net Assets	1,513.8	1,460.9	(52.9)
Total Assets	1,893.5	1,740.6	(152.9)
Equity Ratio	77.5%	81.3%	3.8points
ROE (yearly basis)	13.9%	5.1%	(8.8points)
ROA (yearly basis)	16.4%	6.5%	(9.9points)
Per share (in Yen)			
Net Income	235.04	83.70	(151.34)
Net Assets	3,434	3,335	(99)
Cash dividend	50	50	0

ROA:Return(Ordinary income) on total assets



Financial Highlights (Consolidated)

(Billions of Yen)

	2008 Apr. - Sep.	2009 Apr. - Sep.
Capital expenditures	90.5	58.5
Organic and Inorganic chemicals	43.3	38.9
Electronics materials	44.6	13.0
Functional materials and Others	2.9	7.0
Depreciation and amortization	61.5	40.7
Organic and Inorganic chemicals	16.9	16.2
Electronics materials	40.5	21.3
Functional materials and Others	4.2	3.3
R&D costs	18.8	16.0
Balance of liabilities with interest	26.9	24.6
Number of employees	20,300	17,540
Exchange rate Jan.-Jun.(Average)	104.9	95.4
(Yen/US\$) Apr.-Sep.(Average)	106.1	95.4

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



Business Segment Information (Consolidated)

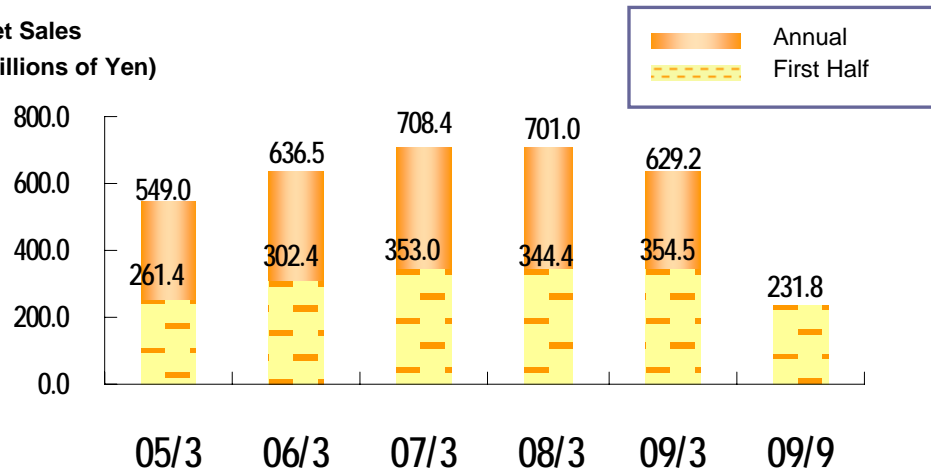
(Billions of Yen)

	Net Sales			Operating Income		
	2008 Apr. - Sep.	2009 Apr. - Sep.	Increase (Decrease)	2008 Apr. - Sep.	2009 Apr. - Sep.	Increase (Decrease)
Organic and Inorganic chemicals	354.5	231.8	(34.6%) (122.7)	55.5	27.4	(50.7%) (28.1)
Polyvinyl chloride	184.1	110.1	(74.0)	18.2	8.8	(9.4)
Silicones	96.8	70.5	(26.3)	22.8	10.5	(12.3)
Others	73.6	51.2	(22.4)	14.5	8.1	(6.4)
Electronics materials	285.0	143.1	(49.8%) (141.9)	79.4	17.1	(78.4%) (62.3)
Semiconductor silicon	248.1	115.3	(132.8)	69.9	10.0	(59.9)
Others	36.9	27.8	(9.1)	9.5	7.1	(2.4)
Functional materials and Others	55.9	42.3	(24.4%) (13.6)	15.4	8.9	(41.7%) (6.5)
Synthetic quartz products	13.7	11.6	(2.1)	5.5	3.5	(2.0)
Rare earth magnets for general applications and other functional materials	20.8	13.5	(7.3)	5.8	2.7	(3.1)
Others	21.4	17.2	(4.2)	4.1	2.7	(1.4)
Elimination	-	-	-	(0.2)	(0.5)	(0.3)
Total	695.4	417.2	(40.0%) (278.2)	150.1	52.9	(64.7%) (97.2)

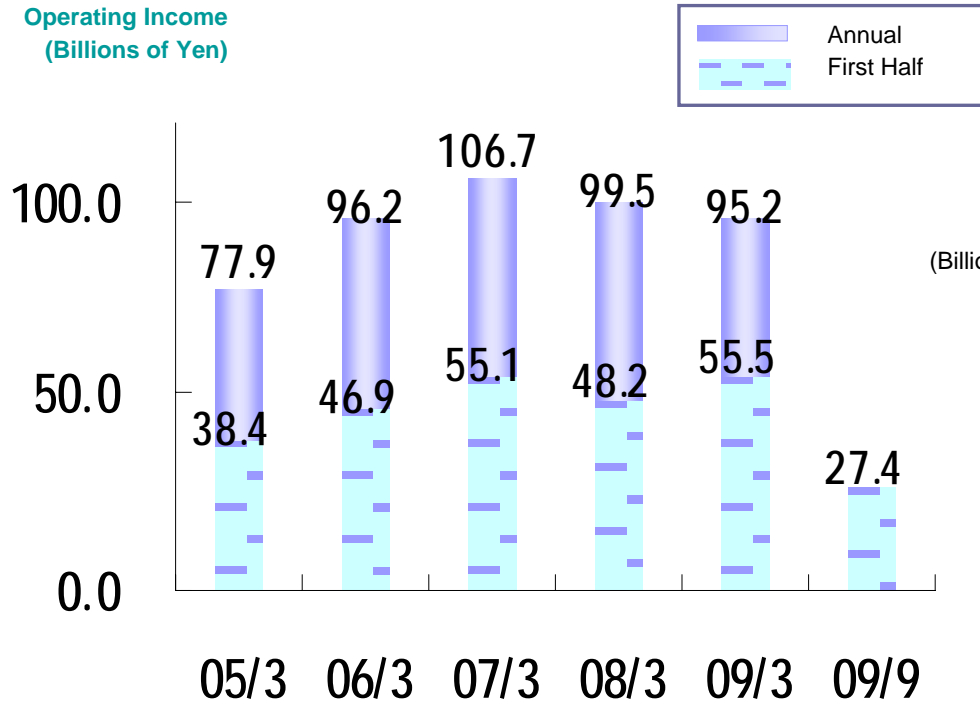


"Organic and Inorganic chemicals" Business Segment (Consolidated)

Net Sales
(Billions of Yen)



Operating Income
(Billions of Yen)



●PVC

- ◆ While other U.S. companies in the same business curtailed production due to the long period of stagnant conditions in the U.S. housing market, Shintech in U.S strove to expand sales to its worldwide customers, who the company has cultivated over a long period of years, and maintained a high level of shipments.
- ◆ On the other hand, because Shin-Etsu PVC in The Netherlands was affected by the decline of the European market and the effect of its plants' periodic maintenance, the business remained weak.
- ◆ With regard to the PVC business in Japan, although exports were strong, because of sluggish demand, domestic shipments were slow and the business continued to be in a severe situation.

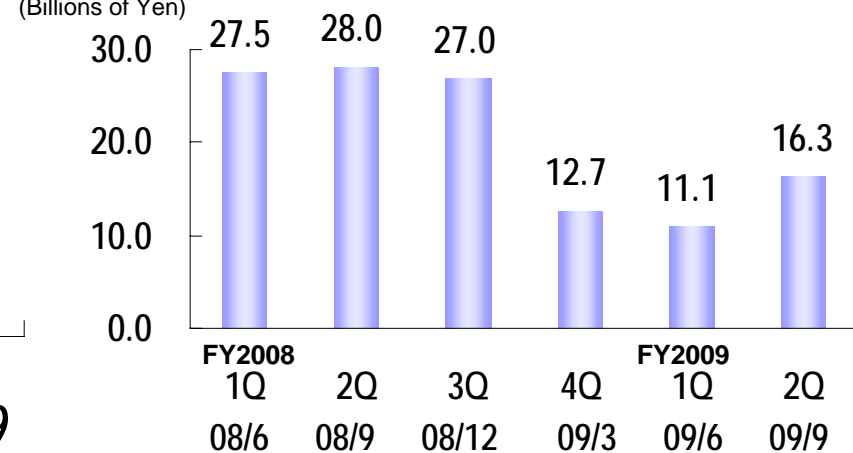
●Silicones

- ◆ Shin-Etsu's international silicones business saw a recovery trend in demand, mainly in Asia. In Japan, the recovery trend is continuing in such fields as electric, electronics and automobile applications. The business of keypads for mobile phones supplied by Shin-Etsu Polymer Co., Ltd. remained weak due to sluggish demand and intensifying price competition.

●Other Organic Chemicals

- ◆ Although sales of cellulose derivatives in Japan for pharmaceutical-use were firm, there was no sense of recovery in construction and industrial applications, and the business remained sluggish.
- ◆ SE Tylose in Germany was affected by the slow demand for construction materials in Europe, and shipments could not increase. On the other hand, SIMCOA's silicon metal business in Australia remained strong.

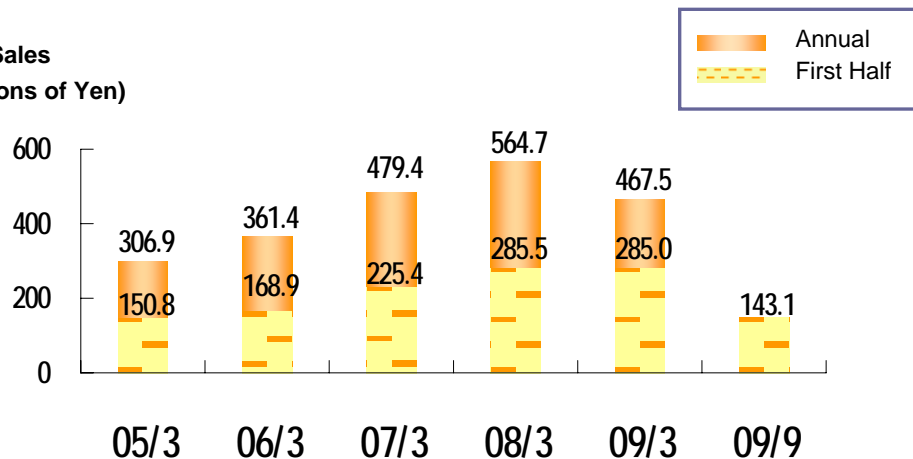
Quarterly Operating Income
(Billions of Yen)



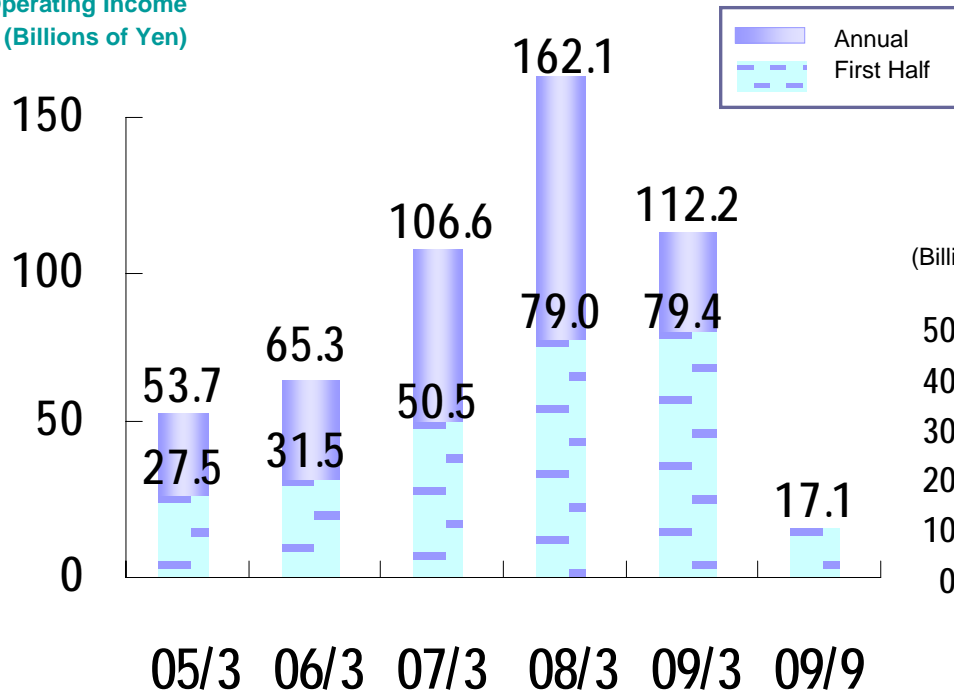


"Electronics materials" Business Segment (Consolidated)

Net Sales
(Billions of Yen)



Operating Income
(Billions of Yen)



● Semiconductor Silicon

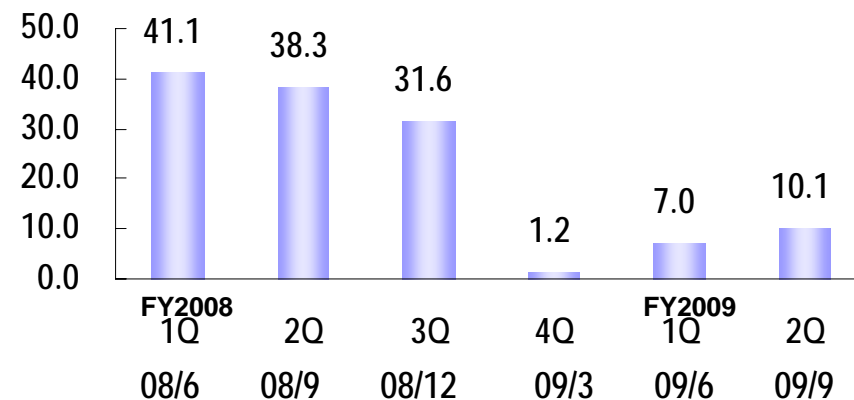
◆ Although there were partial signs of demand recovery, mainly for 300mm silicon wafers, product prices remained at a low level and the severe business situation continued.

● Other electronics materials

- ◆ In the rare earth magnets for the electronics industry business, demand for applications in hard disk drives for PCs was back on course for recovery.
- ◆ Photoresists products continued a strong level of shipments.
- ◆ The business of organic materials for the electronics industries was good for applications as a coating material for high-luminance LEDs; however, on the whole, the business remained weak.

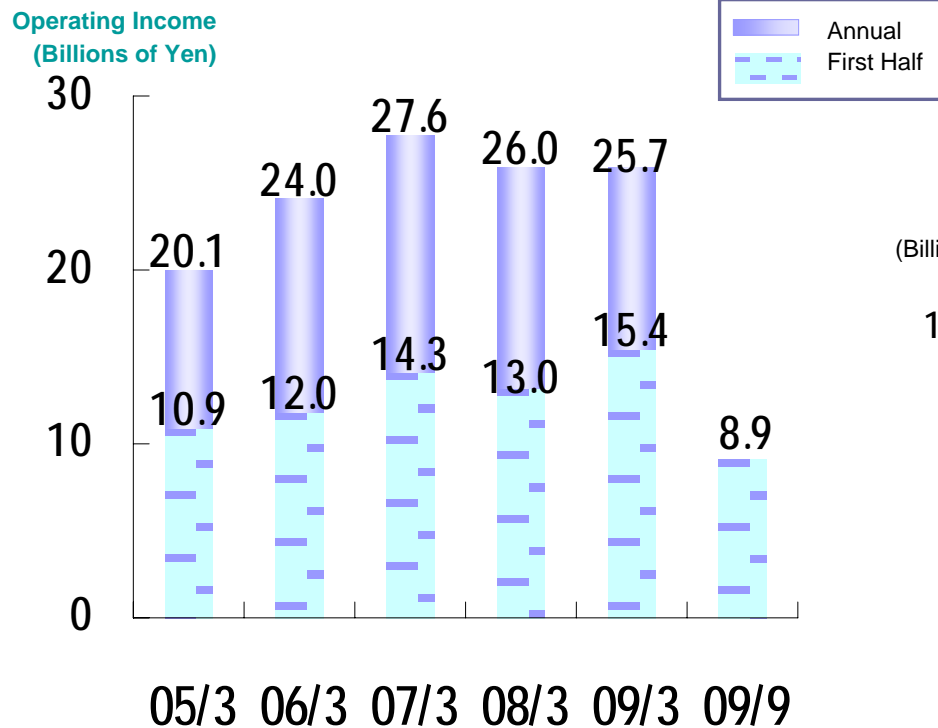
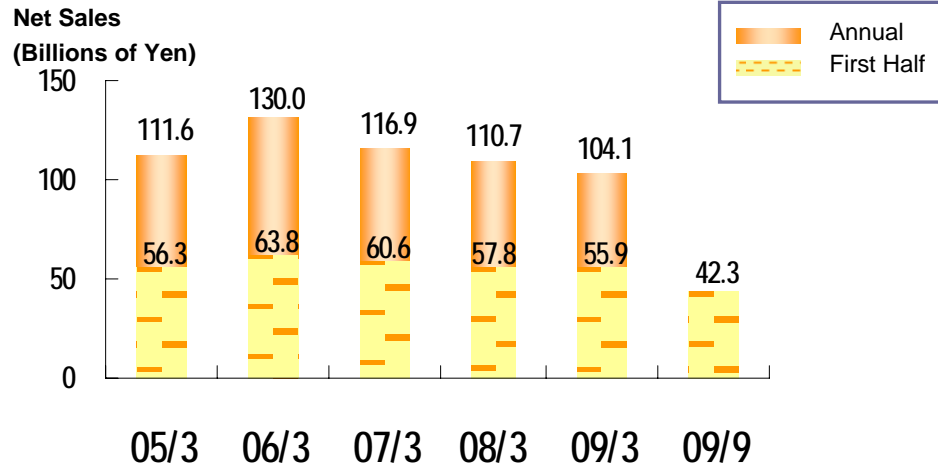
(Billions of Yen)

Quarterly Operating Income



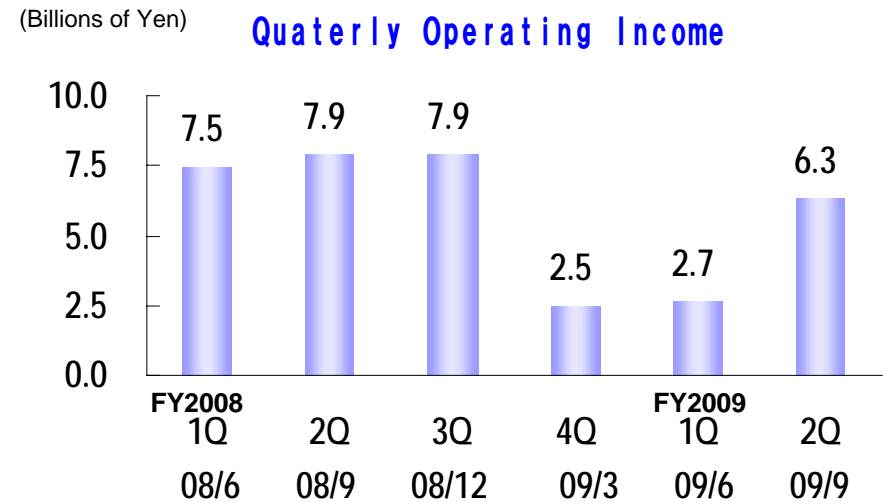


"Functional materials and Others" Business Segment (Consolidated)



● Synthetic quartz
 ◆ With regard to synthetic quartz, sales of optical fiber preform continued to be strong. However, although shipments of large-size photomask substrates used for LCDs continued to be firm, the product price level continued to be in a difficult situation.

● Rare earth magnets and other functional materials
 ◆ Sales of rare earth magnets for general industrial use remained strong for applications in motors of hybrid cars. However, facility investment-related areas, such as applications for industrial motors, were weak.
 ◆ Sales of pellicles continued to be strong, and although sales of liquid fluoroelastomers in Japan were on a recovery course, exports did not do well.



● ● ● | **Operating Performance of Shin-Etsu Chemical Co., Ltd.**
(Non-Consolidated)

(Billions of Yen)

	2008 Apr. - Sep.	2009 Apr. - Sep.	Increase (Decrease)
Net Sales	359.7	251.7	(30.0%)
Ordinary Income	56.2	39.2	(30.3%)
Net Income	38.8	26.7	(31.1%)
Net Assets	668.6	661.2	
Total Assets	865.4	791.3	

● ● ● | **Operating Performance of Shintech, Inc.**

Shintech Incorporated

	2008 Jan. - Jun.		2009 Jan. - Jun.		Increase (Decrease)
	Millions of US\$	Billions of Yen	Millions of US\$	Billions of Yen	
Net Sales	1,147	120.4	743	70.9	(35.2%)
Ordinary Income	153	16.0	82	7.9	(46.0%)
Net Income	109	11.4	54	5.1	(50.5%)
Net Assets	2,484	264.4	2,649	254.4	
Total Assets	2,882	306.7	3,251	312.1	

Exchange rate Jan.-Jun. (Average) : 2008	104.9Yen/US\$
2009	95.4Yen/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)

	2008 Apr. - Sep.	2009 Apr. - Sep.	Increase (Decrease)
Net Sales	245.5	112.1	(54.3%)
Ordinary Income	66.2	9.0	(86.4%)
Net Income	40.7	7.5	(81.6%)
Net Assets	341.7	334.3	
Total Assets	505.4	420.3	

Notes: The financial statements of the overseas Shin-Etsu Handotai Group companies are calculated based on the six months period ended June 2008 and 2009.



Comparative Income Statements (Consolidated)

(Billions of Yen)

	2008 Apr. - Sep.	2009 Apr. - Sep.	Increase (Decrease)
Net Sales	695.4	417.2	(40.0%) (278.2)
Cost of Sales	482.2	316.3	(165.9)
Selling, General and Administrative Expenses	63.1	48.0	(15.1)
Operating Income	150.1	52.9	(64.7%) (97.2)
Non-Operating Income / Expenses	6.4	2.9	(3.5)
Ordinary Income	156.5	55.8	(64.3%) (100.7)
Income Taxes	54.3	20.2	(34.1)
Minority Interests in Earnings of Consolidated Subsidiaries	1.2	0.1	(1.1)
Net Income	101.0	35.5	(64.8%) (65.5)

Comparative Balance Sheets (Consolidated)

(Billions of Yen)

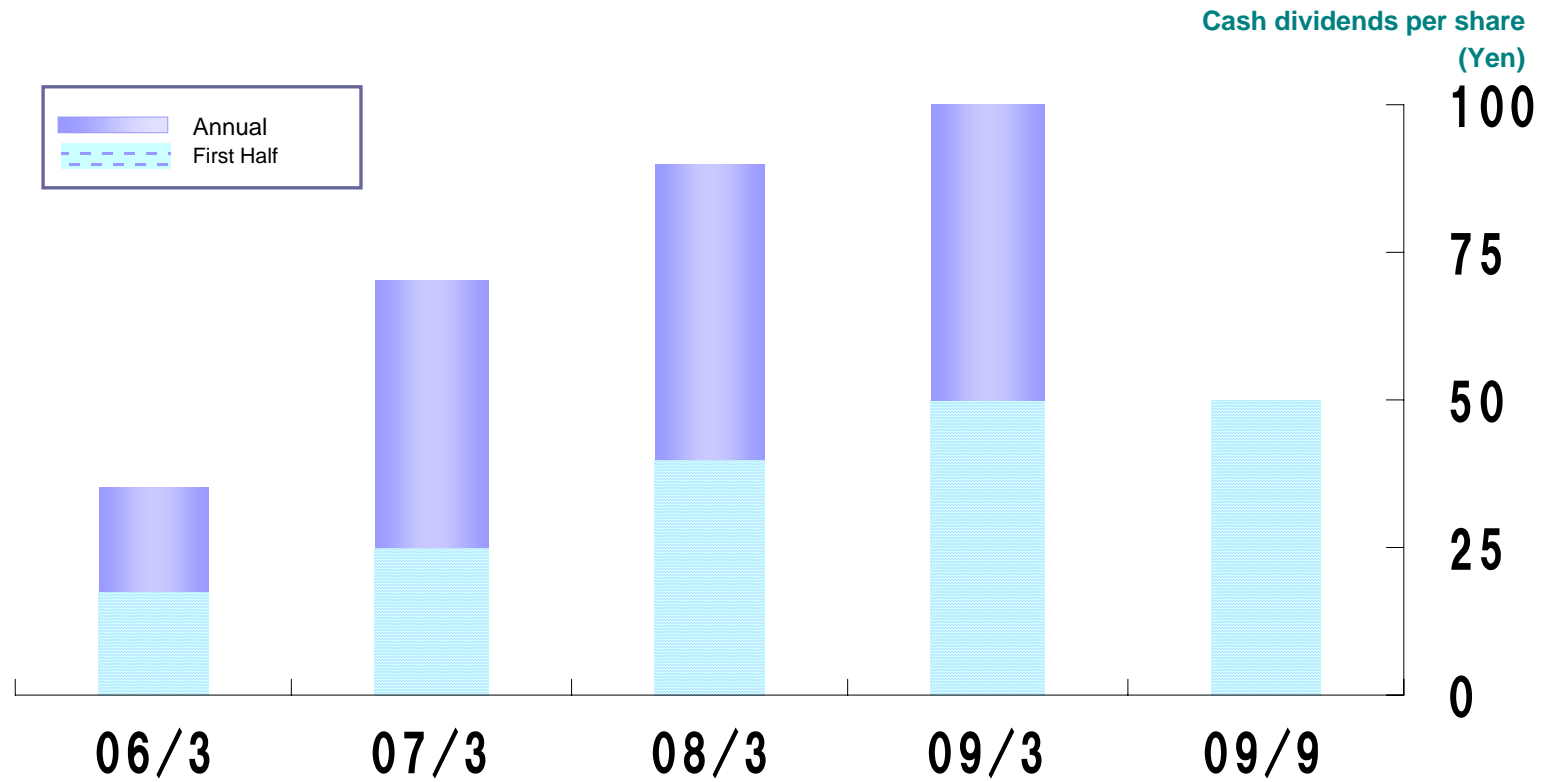
	September 30 2008	March 31 2009 (A)	September 30 2009 (B)	Increase (Decrease) (B)—(A)		September 30 2008	March 31 2009 (A)	September 30 2009 (B)	Increase (Decrease) (B)—(A)
Current Assets	971.5	815.9	834.7	18.8	Current Liabilities	323.8	209.3	204.6	(4.7)
Cash and time deposits	228.9	209.5	200.9	(8.6)	Notes and accounts payable-trade	140.9	75.2	89.4	14.2
Notes and accounts receivable-trade	321.2	215.8	250.3	34.5	Short-term borrowings	7.5	10.9	10.1	(0.8)
Securities	148.3	111.9	115.0	3.1	Accrued income taxes	39.0	11.6	17.3	5.7
Inventories	198.9	208.1	191.0	(17.1)	Other	136.4	111.6	87.8	(23.8)
Other	74.2	70.6	77.4	6.8	Long-Term Liabilities	55.9	68.3	75.1	6.8
Fixed Assets	922.0	869.0	905.9	36.9	Long-term borrowings	19.4	12.8	14.6	1.8
Property, Plant and Equipment	665.4	609.7	644.2	34.5	Other	36.5	55.5	60.5	5.0
Machinery and equipment	231.1	294.0	282.6	(11.4)	Total liabilities	379.7	277.6	279.7	2.1
Other	434.3	315.7	361.6	45.9	Stockholders' equity	1464.8	1,483.0	1,497.6	14.6
Intangible Fixed Assets	23.7	18.3	18.5	0.2	Common stock	119.4	119.4	119.4	-
Investments and Other Assets	232.9	241.1	243.3	2.2	Additional paid-in capital	128.2	128.2	128.2	-
Investments in securities	151.4	146.9	151.4	4.5	Retained earnings	1245.4	1,277.1	1,291.4	14.3
Other	81.4	94.2	91.8	(2.4)	Less: Treasury stock, at cost	(28.2)	(41.6)	(41.4)	0.2
					Valuation, translation adjustments and others	3.3	(117.0)	(81.9)	35.1
					Share subscription rights	2.4	2.4	3.7	1.3
					Minority interests in consolidated subsidiaries	43.3	38.8	41.6	2.8
					Total net assets	1513.8	1,407.4	1,460.9	53.5
Total assets	1893.5	1,684.9	1,740.6	55.7	Total liabilities and net assets	1893.5	1,684.9	1,740.6	55.7

● ● ● | Comparative Statements of Cash Flows (Consolidated)

(Billions of Yen)

	2008 Apr. - Sep.	2009 Apr. - Sep.	Increase (Decrease)
(1) Cash Flows from Operating Activities	146.9	76.5	(70.4)
Net Income	101.0	35.5	(65.5)
Depreciation and amortization	61.5	40.7	(20.8)
(Increase) decrease in working capital	(17.9)	6.9	24.8
Others	2.3	(6.6)	(8.9)
(2) Cash Flows from Investing Activities	(100.2)	(49.5)	50.7
Expenditure for purchase of Property, Plant and Equipment	(110.0)	(75.0)	35.0
Others	9.8	25.5	15.7
(3) Cash Flows from Financing Activities	(43.5)	(24.2)	19.3
Decrease in borrowings	(5.4)	(2.3)	3.1
Cash dividends paid	(21.5)	(21.2)	0.3
Others	(16.6)	(0.7)	15.9
(4) Effect of Exchange Rate Changes on Cash and Cash Equivalents	(5.4)	3.4	8.8
Net Increase (Decrease) in Cash and Cash Equivalents	(2.1)	6.2	8.3
Balance of cash and cash equivalents	299.5	257.2	(42.3)
Balance of liabilities with interest	26.9	24.6	(2.3)

● ● ● | Cash dividends per share



		06/3	07/3	08/3	09/3	10/3
Cash dividends per share	First Half	17.5	25	40	50	50
	Annual	35	70	90	100	uncertain
Net income per share	First Half	129.68	174.08	221.16	235.04	83.70
	Annual	266.63	357.78	426.63	362.39	—



Recent Topics (April 2009~October 2009)

- 2009.4 Shin-Etsu Chemical appointed Dr. Hiroshi Komiyama, former president of the University of Tokyo, as a Special Advisor to Shin-Etsu Chemical.
- 2009.5 Shin-Etsu Chemical announced that we have developed a new generation of silicone encapsulating material, which dramatically improves the reliability of high-brightness LEDs.
- 2009.8 CIRES* became a wholly-owned Shin-Etsu Subsidiary with the completion of acquisition procedures.
- 2009.8 Shin-Etsu Chemical obtained a license from OFS* to use their patent in our current capacity expansion for optical fiber preforms.
- 2009.9 Shin-Etsu Chemical announced our operating performance for the 2nd quarter of FY2010, and interim dividend forecasts.
- 2009.9 Shin-Etsu Chemical announced that we have developed a silicone reflector material for high-brightness LEDs, and a new transparent protective film.
- 2009.10 Shin-Etsu Chemical announced that we have developed a low-hardness, high-thermally-conductive silicone soft pad for mounting electronic components, which has many superior properties.
- 2009.10 Shin-Etsu Chemical announced an expansion plan for Simcoa* to double their production capacity for metallic silicon.

* CIRES(Companhia Industrial de Resinas Sinteticas) was established in 1960 in Portugal through a joint venture among Portuguese local companies, Shin-Etsu Chemical and Mitsui&Co.

* OFS is owned by Furukawa Electric, a global leader in optical communications.

* Simcoa was established 1989 in Australia and became a wholly-owned Shin-Etsu Subsidiary in 1996.