

10. Press Release of Non-consolidated Financial Data

For the fiscal year ended March 31, 2001

May 16, 2001

Shin-Etsu Chemical Co.,Ltd.

The seat of headquarters : Tokyo

Listing Code No.4063

Listing Stock Exchanges: Tokyo, Osaka and Nagoya

Interim cash dividends being paid

Personnel to contact:

Mr. Tadahiko Koike

General manager of Finance & Accounting Department

Telephone: (03) 3246-5051

Date of Board of Directors Meeting

for the authorization of the financial statements

for the current fiscal year May 16, 2001

Scheduled Date for General Meeting of Stockholders: June 28, 2001

10-1 Operating Performance for the Current Fiscal Year

(from April 1, 2000 to March 31, 2001)

(Amounts are stated in millions of yen by discarding fractional amounts less than ¥1 million)

(1) Results of Non-consolidated operations

	<u>Current fiscal year</u> <u>(2000/4-2001/3)</u>	<u>Last fiscal year</u> <u>(1999/4-2000/3)</u>
Net sales :		
Amounts in millions of yen	¥461,008	¥422,508
Ratio of increase (decrease) over the preceding year	9.1%	10.9%
Operating income :		
Amounts in millions of yen	¥57,039	¥47,267
Ratio of increase (decrease) over the preceding year	20.7%	10.3%
Ordinary income :		
Amounts in millions of yen	¥62,224	¥47,040
Ratio of increase (decrease) over the preceding year	32.3%	11.4%
Net income :		
Amounts in millions of yen	¥34,307	¥27,141
Ratio of increase (decrease) over the preceding year	26.4%	11.6%
Net income per share stated in yen	¥81.32	¥65.32
Diluted net income per share stated in yen	¥79.61	¥63.64
Ratio of net income over total stockholders' equity	7.9%	7.1%
Ratio of ordinary income over total assets employed	9.3%	7.6%
Ratio of ordinary income over net sales	13.5%	11.1%

(Notes)	Current fiscal year <u>2000/4-2001/3</u>	Last fiscal year <u>1999/4-2000/3</u>
1. Average number of shares issued (in shares)	421,894,860	415,535,637
2. Changes in accounting policies applied: None		
(2) <u>Information relative to Non-consolidated cash dividends</u>		
	Current fiscal year <u>2000/4-2001/3</u>	Last fiscal year <u>1999/4-2000/3</u>
Interim cash dividend per share (in yen)	¥6.00	¥5.00
Year-end cash dividend per share (in yen)	¥6.00	¥5.00
Total cash dividends per share (in yen)	¥12.00	¥10.00
Cash dividends paid (in millions of yen)	¥5,046	¥4,162
Earning dividend ratio	14.7%	15.3%
Ratio of dividends over total stockholders' equity	1.1%	1.0%
(3) <u>Non-consolidated financial position</u>		
	March 31, <u>2001</u>	March 31, <u>2000</u>
Total assets (in millions of yen)	¥675,403	¥663,813
Total stockholders' equity (in millions of yen)	¥457,786	¥412,216
Ratio of stockholders' equity over total assets employed	67.8%	62.1%
Stockholders' equity per share (in yen)	¥1,083.41	¥981.82
(Notes)		
	March 31, <u>2001</u>	March 31, <u>2000</u>
Number of shares issued and outstanding at year-end date (in shares)	422,542,358	419,848,360

10-2 The Forecast of Non-consolidated Operating Performance for the Next Fiscal Year

(From April 1, 2001 to March 31, 2002)

	For the first <u>half of the year</u>	For the full <u>fiscal year</u>
Net sales (in millions of yen)	¥240,000	¥485,000
Ordinary income (in millions of yen)	¥37,500	¥75,000
Net income (in millions of yen)	¥22,500	¥45,000
Interim cash dividends per share (in yen)	¥6.00	-
Year-end cash dividends per share (in yen)	-	¥6.00
Total cash dividends per share (in yen)	-	¥12.00
[Reference]		
Forecast of net income per share (in yen)	-	¥106.50

11. Non-consolidated Financial Statements

11-1 Comparative Non-consolidated Balance Sheets

(Amounts are stated in millions of yen by discarding fractional amounts less than ¥1 million)

ASSETS	<u>Millions of Yen</u>		
	<u>March 31, 2001</u>	<u>March 31, 2000</u>	<u>Increase (Decrease)</u>
Current Assets:			
Cash on hand and in banks	¥139,587	¥141,259	¥(1,672)
Notes and accounts receivable-trade	148,849	135,793	13,056
Securities	42,898	21,168	21,730
Merchandise, finished and semi-finished products	26,350	25,133	1,217
Raw materials and supplies	15,934	12,110	3,824
Deferred tax assets	12,643	11,028	1,615
Short-term loans	7,339	28,504	(21,165)
Accounts receivable-other	13,239	11,513	1,726
Other current assets	3,072	2,946	126
Less: Allowance for doubtful accounts	<u>(830)</u>	<u>(730)</u>	<u>(100)</u>
Total current assets	<u>409,085</u>	<u>388,728</u>	<u>20,357</u>
Fixed Assets:			
Tangible fixed assets:			
Buildings	32,301	30,197	2,104
Machinery and equipment	53,067	51,446	1,621
Others	<u>33,772</u>	<u>29,705</u>	<u>4,067</u>
Total	<u>119,141</u>	<u>111,349</u>	<u>7,792</u>
Intangible fixed assets	<u>2,752</u>	<u>3,323</u>	<u>(571)</u>
Investments and others			
Investments in securities	71,436	81,104	(9,668)
Investments in capital stock of subsidiaries	51,278	51,260	18
Treasury stock	7,648	5,717	1,931
Long-term loans	10,054	16,812	(6,758)
Deferred tax assets	187	1,604	(1,417)
Others	3,827	3,401	426
Less: Allowance for doubtful accounts	<u>(10)</u>	<u>(70)</u>	<u>60</u>
Total	<u>144,423</u>	<u>159,831</u>	<u>(15,408)</u>
Total fixed assets	<u>266,317</u>	<u>274,503</u>	<u>(8,186)</u>
Deferred Assets:			
Discounts on debenture issue	<u>-</u>	<u>581</u>	<u>(581)</u>
Total deferred assets	<u>-</u>	<u>581</u>	<u>(581)</u>
TOTAL ASSETS	<u>¥675,403</u>	<u>¥663,813</u>	<u>¥ 11,590</u>

LIABILITIES	<u>Millions of Yen</u>		
	<u>March 31, 2001</u>	<u>March 31, 2000</u>	<u>Increase (Decrease)</u>
Current Liabilities:			
Notes and accounts payable-trade	¥79,628	¥83,667	¥(4,039)
Short-term borrowings	14,237	12,748	1,489
Debentures of redemption within one year	-	51,662	(51,662)
Accounts payable-other	23,777	19,442	4,335
Accrued income taxes	23,299	9,435	13,864
Accrued expenses	17,441	19,302	(1,861)
Warrants	-	578	(578)
Other current liabilities	7,526	7,168	358
Total current liabilities	<u>165,909</u>	<u>204,006</u>	<u>(38,097)</u>
Long-term Liabilities:			
Convertible debentures	18,340	18,965	(625)
Long-term borrowings	20,758	25,342	(4,584)
Accrued retirement benefits	12,608	3,282	9,326
Total long-term liabilities	<u>51,706</u>	<u>47,590</u>	<u>4,116</u>
Total liabilities	<u>217,616</u>	<u>251,597</u>	<u>(33,981)</u>
STOCKHOLDERS' EQUITY			
Capital stock	110,247	107,663	2,584
Legal capital reserve	111,609	108,449	3,160
Legal earned reserve	6,517	6,032	485
Voluntary reserves	181,916	144,368	37,548
Unappropriated retained earnings	37,888	45,701	(7,813)
[Net income for the year]	[34,307]	[27,141]	[7,166]
Unrealized gain on available-for-sale securities	9,607	-	9,607
Total stockholders' equity	<u>457,786</u>	<u>412,216</u>	<u>45,570</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>¥675,403</u>	<u>¥663,813</u>	<u>¥ 11,590</u>

11-2 Comparative Non-consolidated Income Statements

(Amounts are stated in millions of yen by discarding fractional amounts less than ¥1 million)

	<u>Millions of Yen</u>		Increase (Decrease)
	For the March 31, 2001	year ended March 31, 2000	
Operating Income and Expenses:			
Net sales	¥461,008	¥422,508	¥38,500
Cost of sales	<u>370,988</u>	<u>342,047</u>	<u>28,941</u>
Gross profit	90,019	80,460	9,559
Selling, general and administrative expenses	<u>32,979</u>	<u>33,193</u>	<u>(214)</u>
Operating income	57,039	47,267	9,772
Non-operating Income:			
Interest income	2,766	4,092	(1,326)
Dividend income	2,430	2,203	227
Other income	<u>7,779</u>	<u>3,126</u>	<u>4,653</u>
	12,976	9,422	3,554
Non-operating Expenses:			
Interest expenses	1,993	2,657	(664)
Other expenses	<u>5,798</u>	<u>6,991</u>	<u>(1,193)</u>
	7,792	9,649	(1,857)
Ordinary income	62,224	47,040	15,184
Special Gains:			
Gain on transfer of securities to retirement benefits trust	5,234	-	5,234
Gain on sales of property, plant and equipment	4,405	1,413	2,992
Reversal of prior year's accrued maintenance expense	<u>4,039</u>	<u>-</u>	<u>4,039</u>
	13,680	1,413	12,267
Special Losses:			
Special provision for retirement benefits cost	14,976	-	14,976
Loss on write-down of investment securities	<u>3,280</u>	<u>2,932</u>	<u>348</u>
	18,256	2,932	15,324
Income before income taxes	57,647	45,521	12,126
Income taxes current	30,410	16,170	14,240
Income taxes deferred	<u>(7,070)</u>	<u>2,210</u>	<u>(9,280)</u>
Net income	<u>¥34,307</u>	<u>¥27,141</u>	<u>¥7,166</u>

(Notes)

1. Significant Accounting Policies

(1) Valuation of securities:

Bonds held to maturity	Amortized cost method
Investment in capital stock of subsidiaries and affiliates	Moving average cost method
Available-for-sale securities		
Marketable securities	Market price method based on the fair market value as of the date of balance sheet. (Any balances resulting from valuation of securities shall directly be entered into capital accounts, while any costs of sales of marketable securities shall be calculated based on a moving average cost method)
Non-marketable securities	Moving average cost method

(2) Valuation of inventories:

Average cost method

(3) Depreciation of fixed assets:

Declining-balance method

Straight-line method is applied to Electrolytic Equipment and Buildings (excluding attached facilities) acquired after April 1st, 1998.

(4) Calculation method of allowances

Allowance for doubtful accounts:

The company provides the allowance for doubtful accounts by the method which uses the percentage of its own actual experience of bad debt loss written off against the balance of total receivables plus the amount deemed necessary to cover individual accounts estimated to be uncollectible.

Accrued retirement benefits:

Pension and severance costs for employees are accrued based on the estimates of the pension obligations and the plan assets at the end of current fiscal year.

The transition obligation of ¥14,976 million resulting from the adoption of new accounting standards for retirement benefits is charged to income and reported as a Special Loss in the income statement. The actuarial difference is amortized over five-year period, which is within the average employees' service year, using straight-line method from the time when the difference was generated.

	Millions of Yen	
	March 31, 2001	March 31, 2000
2. Accumulated depreciation of tangible fixed assets	¥258,739	¥237,870
3. Contingent liabilities arising from guarantee	¥374	¥893
4. Number of treasury stocks and amount of book value of treasury stocks		
(1) Treasury stocks from acquisition of odd lot certificates		
Number of treasury stocks (in shares)	88	395
Amount of treasury stocks	¥0	¥2
(2) Treasury stocks acquired under the stock option plan for directors and employees		
Number of treasury stocks (in shares)	1,892,000	1,698,000
Amount of treasury stocks	¥7,648	¥5,717

5.Details of increase in the number of shares issued during the current fiscal year

	Number of shares issued upon conversion/exercise (thousand shares)	Amount transferred to capital stock (in millions of Yen)
(1)Conversion of convertible debentures	326	312
(2)Exercise of warrant attached to debentures	2,367	2,270

(Additional Information)

1.Accounting for retirement benefits

Effective April 1, 2000, the Company adopted “Accounting for retirement benefits”.

The Company contributed certain marketable equity securities to retirement benefits trust and recognized gain of ¥5,234 million as “Gain on transfer of securities to retirement benefits trust” in the Non-consolidated income statement.

The adoption of new accounting standards for retirement benefits resulted in the increase in “Pension and Severance Costs” by ¥15,208 million. On the contrary, “Ordinary Income” and “Income before income taxes” decreased by ¥209 million and ¥9,952 million respectively.

2.Accounting for financial instruments

Effective April 1, 2000, the Company adopted “Accounting for financial instruments”.

The effect of this adoption is immaterial. As a result of evaluating market securities on the fair market value, “Unrealized gain on available-for-sale” of ¥9,607 million was recorded. Due to the evaluation, “Deferred Tax Assets” was decreased by ¥6,871 million.

3.Accounting for transaction in foreign currencies

Effective April 1, 2000, the Company adopted “Accounting for transaction in foreign currencies”. The effect of this adoption is immaterial.

(Lease Transactions)

In connection with the contracts of finance leases other than those which are deemed to transfer the ownership of the leased assets to lessees for the fiscal years ended March 31, 2001 and 2000.

(1)The amount corresponding to acquisition cost, accumulated depreciation and net book value

	Millions of Yen	
	March 31, 2001	March 31, 2000
The amount corresponding to acquisition cost	¥1,129	¥1,197
The amount corresponding to accumulated depreciation	773	717
<u>The amount corresponding to net book value</u>	<u>¥356</u>	<u>¥480</u>

(2)Outstanding future lease payments

	Millions of Yen	
	March 31, 2001	March 31, 2000
Within one year	¥189	¥210
Over one year	166	269
<u>Total</u>	<u>¥356</u>	<u>¥480</u>

(3)Lease expenses (the amount corresponding to depreciation expenses)

¥254 ¥278

(4)The computation of the amount corresponding to depreciation expenses

The amount corresponding to depreciation expenses is computed with the straight-line method over a period up to the maturity of the relevant lease contracts with no residual value. The figures shown in the Note above include the portion of interests thereon.

(Securities)

Market value of investments in capital stock of subsidiaries and affiliates

	Millions of Yen		
	As of March 31, 2001		
	<u>Book value</u>	<u>Market value</u>	<u>Unrealized Profit(loss)</u>
Investments in capital of subsidiaries	10,221	25,362	15,140

	Millions of Yen		
	As of March 31, 2000		
	<u>Book value</u>	<u>Market value</u>	<u>Unrealized Profit(loss)</u>
Investments in capital of subsidiaries	10,221	27,640	17,418

11-3. Non-consolidated Comparative Proposal for Appropriation of Retained Earnings

	Millions of Yen		
	For the year ended		Increase (Decrease)
	March 31, 2001	March 31, 2000	
Unappropriated Retained Earnings:			
Balance at year-end	¥37,888	¥45,701	¥(7,813)
Reversal of reserve for special depreciation	201	209	(8)
Reversal of reserve for overseas investment losses	-	112	(112)
Reversal of reserve for deferred profit on sale of fixed assets	158	3	155
Total	<u>38,248</u>	<u>46,027</u>	<u>(7,779)</u>
Appropriations :			
Transfer to legal earned reserve	261	220	41
Cash dividends	2,523 (¥6.00 per share)	2,090 (¥5.00 per share)	433
Directors' and statutory auditors' bonuses [Statutory Auditors' bonuses]	78 [9]	99 [9]	(21) [-]
Transfer to reserve for special depreciation	217	217	-
Transfer to reserve deferred profit on sale of fixed assets	1,540	656	884
Transfer to reserve for unspecified purposes	28,000	37,000	(9,000)
Total appropriation	<u>32,620</u>	<u>40,283</u>	<u>(7,663)</u>
Unappropriated retained Earnings :			
Balance to be carried forward	<u>5,627</u>	<u>5,743</u>	<u>(116)</u>

(Notes) The Company declared and paid interim cash dividends of ¥2,522 million (¥6.00 per share) on December 8, 2000 and ¥2,071 million (¥5.00 per share) on December 10, 1999.

11-4. Non-consolidated Comparison of Net Sales

	Millions of Yen		
	For the year ended		Increase (Decrease)
	March 31, 2001	March 31, 2000	
Organic Chemicals Department	¥167,918 [36%]	¥163,854 [39%]	¥4,064
Inorganic chemicals Department	6,020 [1%]	5,995 [1%]	25
Electronics Materials Department	183,308 [40%]	168,334 [40%]	14,974
Functional Materials Department	77,200 [17%]	59,682 [14%]	17,518
International Operations Department	26,560 [6%]	24,641 [6%]	1,919
Total	461,008 [100%]	422,508 [100%]	38,500
[Reference] Export Total	173,495 [38%]	156,372 [37%]	17,123

Percentages in [] represent the proportionate ratio of sales of each department over total net sales.

12. Change in Management Officers

1. Candidates nominated for appointment to Directors

Director

Mr. Frank Peter Popoff

[Current Counselor and Director of Shintech, Inc.]

Director and General Manager of New Functional Materials Research Center

Mr. Toshinobu Ishihara

[Current Deputy General Manager of Specialty Chemicals Research Center]

Director and General Manager of Opto-Electronics Materials Department in Advanced Materials Division,
in charge of Finance and Accounting

Mr. Masaki Miyajima

[Current General Manager of Opto-Electronics Materials Department in Advanced Materials Division]

Director

Mr. Yasuhiko Saitoh

[Current Director President of SILICA PRODUCTS, INC. and Director of Shin-Etsu PVC B.V.]

2. Candidate nominated for Statutory Auditor

Full-Time Statutory Auditor

Mr. Hiroshi Arai

[Current Counselor of Shin-Etsu Handotai Co., Ltd.]

3. Directors scheduled to resign

Senior Managing Director and General Manager of Silicone Division, in charge of
Finance and Accounting

Mr. Osamu Hiura

(Representative Director and President of Shin-Etsu Polymer Co., Ltd.)*

Senior Managing Director, General Manager of Gunma Complex and Isobe Plant

Mr. Toshiji Miyaji

(Counselor)*

4. Statutory Auditor scheduled to resign

Full-Time Statutory Auditor

Mr. Ryoji Endo

(Counselor)*

5. Other Changes

Name of director nominees

Director

General Manager of Silicone Division,
in charge of New Functional Materials

Mr. Ryohei Miki

Current Post/Position

Director

Deputy General Manager of Silicone Division,
in charge of New Functional Materials

*NOTE: () represent their new position scheduled to be appointed.