

9. Press Release of non-consolidated Financial Data

For the six months ended September 30, 2002

October 31, 2002

Shin-Etsu Chemical Co.,Ltd.

The seat of headquarters : Tokyo

Listing Code No. 4063

(URL <http://www.shinetsu.co.jp/>)

Listing Stock Exchange : Tokyo, Osaka, Nagoya

Interim cash dividends being paid

Trading unit of the company consists of 100 shares

Representative:

Chihiro Kanagawa(Mr.)

Representative Director-President

Personnel to contact :

Toshiyuki Kasahara (Mr.)

General Manager of Finance & Accounting Department

Telephone : +81-3-3246-5051

Date of Board of Directors Meeting

For the authorization of the financial statements

for the first half of the current fiscal year ... October 31, 2002

Starting date of interim cash dividend payment ... November 18, 2002

9-1. Operating Performance for the First Half of the Current Fiscal Year

(From April 1, 2002 to September 30, 2002)

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

(1) Results of non-consolidated operations

	<u>Millions of Yen</u>		
	<u>Six months</u> <u>2002/4-2002/9</u>	<u>Six months</u> <u>2001/4-2001/9</u>	<u>Prior fiscal year</u> <u>2001/4-2002/3</u>
Net sales	237,178	226,714	465,333
Ratio of increase (decrease) over the first half of the prior year	4.6%	0.1%	
Operating income	32,323	32,020	64,612
Ratio of increase (decrease) over the first half of the prior year	0.9%	13.4%	
Ordinary income	32,002	33,119	67,032
Ratio of increase (decrease) over the first half of the prior year	(3.4%)	6.7%	
Net income	19,502	19,510	39,888
Ratio of increase (decrease) over the first half of the prior year	(0.0%)	16.0%	
Net income per share (in yen)	46.36	46.39	94.85
(Notes)			
1. Average number of shares issued (in shares)	420,669,325	420,551,996	420,539,264
2. Changes in accounting policies applied : Yes			

(2) Non-consolidated cash dividends

	Six months <u>2002/4-2002/9</u>	Six months <u>2001/4-2001/9</u>	Prior fiscal year <u>2001/4-2002/3</u>
Interim cash dividend per share (in yen)	7.00	6.00	-
Total annual cash dividend per share (in yen)	-	-	12.00

(3) Non-consolidated financial position

	<u>Millions of Yen</u>		
	September 30, <u>2002</u>	September 30, <u>2001</u>	March 31, <u>2002</u>
Total assets	714,659	659,169	659,852
Total stockholders' equity	491,837	463,006	478,180
Equity ratio	68.8%	70.2%	72.5%
Stockholders' equity per share (in yen)	1,170.01	1,101.42	1,136.64
(Notes)			
Number of shares outstanding (in shares)	420,369,360	420,373,133	420,695,830
Number of treasury stocks	2,191,251	2,181,221	1,859,567

9-2. The Forecast of Non-consolidated Operating Performance for the Fiscal Year ending March 31, 2003. (From April 1, 2002 to March 31, 2003)

	Millions of Yen Fiscal year <u>2002/4-2003/3</u>
Net sales	480,000
Ordinary income	62,000
Net income	37,000
Total annual cash dividend per share (in yen) (Including 7 yen year-end cash dividend per share)	14.00

(Reference)

The forecast of "Net income per share" (in yen, for the year ending March 31, 2003)	88.02
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(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.

10. Non-consolidated Financial Statements

10-1 Comparative Non-consolidated Balance Sheets

As of September 30, 2002, March 31, 2002 and September 30, 2001.

Millions of Yen

ASSETS	September 30, 2002 (A)	March 31, 2002 (B)	September 30, 2001	Increase (Decrease) (A-B)
Current Assets:				
Cash on hand and in banks	204,209	150,591	132,529	53,618
Notes and accounts receivable -trade	143,384	150,477	138,029	(7,093)
Securities	19,861	39,128	55,422	(19,267)
Inventories	39,418	42,383	42,506	(2,965)
Deferred tax assets	12,196	12,769	12,960	(573)
Others	16,149	14,969	16,731	1,180
Less: Allowance for doubtful accounts	(850)	(840)	(840)	(10)
Total current assets	<u>434,370</u>	<u>409,479</u>	<u>397,339</u>	<u>24,891</u>
Fixed Assets:				
Tangible fixed assets				
Buildings and structures	39,540	40,409	39,283	(869)
Machinery and vehicles	53,542	56,843	61,372	(3,301)
Others	28,181	28,943	28,513	(762)
Total	<u>121,265</u>	<u>126,196</u>	<u>129,170</u>	<u>(4,931)</u>
Intangible fixed assets	<u>2,222</u>	<u>2,358</u>	<u>2,425</u>	<u>(136)</u>
Investments and others				
Investments in securities	91,207	55,479	61,815	35,728
Investments in capital stocks of subsidiaries	54,586	54,582	54,055	4
Deferred tax assets	3,352	2,631	1,964	721
Others	7,665	9,132	12,409	(1,467)
Less: Allowance for doubtful accounts	(10)	(10)	(10)	-
Total	<u>156,801</u>	<u>121,817</u>	<u>130,234</u>	<u>34,984</u>
Total fixed assets	<u>280,289</u>	<u>250,372</u>	<u>261,830</u>	<u>29,917</u>
TOTAL ASSETS	<u>714,659</u>	<u>659,852</u>	<u>659,169</u>	<u>54,807</u>

Millions of Yen

	September 30, 2002 (A)	March 31, 2002 (B)	September 30, 2001	Increase (Decrease) (A-B)
LIABILITIES				
Current Liabilities:				
Notes and accounts payable -trade	80,591	76,077	65,280	4,514
Short-term borrowings	62,520	24,173	24,096	38,347
Accounts payable -others	9,899	12,562	26,722	(2,663)
Accrued income taxes	11,763	9,690	12,887	2,073
Accrued expenses	19,000	24,685	18,745	(5,685)
Others	1,055	6,698	7,082	(5,643)
Total current liabilities	<u>184,831</u>	<u>153,887</u>	<u>154,815</u>	<u>30,944</u>
Long-term Liabilities:				
Convertible debentures	18,305	18,315	18,317	(10)
Long-term borrowings	18,865	8,798	10,408	10,067
Accrued retirement benefits	744	671	12,621	73
Others	74	-	-	74
Total long-term liabilities	<u>37,990</u>	<u>27,784</u>	<u>41,347</u>	<u>10,206</u>
TOTAL LIABILITIES	<u>222,821</u>	<u>181,671</u>	<u>196,163</u>	<u>41,150</u>
STOCKHOLDERS' EQUITY				
Common stock	110,264	110,259	110,258	5
Additional paid-in capital	111,626	111,621	111,620	5
Retained earnings	277,860	261,086	243,231	16,774
Unrealized gain on available-for-sale securities	1,879	3,568	7,268	(1,689)
Treasury stocks	(9,793)	(8,356)	(9,372)	(1,437)
TOTAL STOCKHOLDERS' EQUITY	<u>491,837</u>	<u>478,180</u>	<u>463,006</u>	<u>13,657</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>714,659</u>	<u>659,852</u>	<u>659,169</u>	<u>54,807</u>

10-2 Comparative Non-consolidated Income Statements

For the six months period ended September 30, 2002 and 2001, and the fiscal year ended March 31, 2002.

Millions of Yen

	For the period ended			Increase (Decrease) (A-B)
	September 30, 2002 (A)	March 31, 2002	September 30, 2001 (B)	
Operating Income and Expenses:				
Net sales	237,178	465,333	226,714	10,464
Cost of sales	188,180	367,015	177,846	10,334
Gross profit	48,998	98,318	48,868	130
Selling, general and administrative expenses	16,674	33,705	16,847	(173)
Operating income	32,323	64,612	32,020	303
Non-operating Income:				
Interest income	287	1,262	895	(608)
Dividend income	1,976	2,498	2,100	(124)
Other income	1,595	3,429	482	1,113
	3,859	7,190	3,478	381
Non-operating Expenses:				
Interest expenses	514	1,056	593	(79)
Other expenses	3,665	3,714	1,786	1,879
	4,180	4,770	2,380	1,800
Ordinary income	32,002	67,032	33,119	(1,117)
Extraordinary Gains:				
Gains on transfer of securities to retirement benefits trust	-	5,106	-	-
	-	5,106	-	-
Extraordinary Losses:				
Loss on write-down of investment securities	-	-	798	(798)
Special additional payments for early retirement	-	5,111	-	-
	-	5,111	798	(798)
Income before income taxes	32,002	67,028	32,320	(318)
Income taxes Current	11,440	25,390	13,230	(1,790)
Income taxes Deferred	1,060	1,750	(420)	1,480
Net income	19,502	39,888	19,510	(8)
Retained earnings at beginning of year	6,635	5,627	5,627	1,008
Loss on sales of treasury stocks	124	-	-	124
Interim cash dividend	-	2,522	-	-
Unappropriated retained earnings	26,012	42,993	25,138	874

(Notes)

	Millions of Yen		
	September 30, 2002	March 31, 2002	September 30, 2001
1. Accumulated depreciation of tangible fixed assets	291,065	281,582	269,410
2. Contingent liabilities for guarantee	545	610	320
3. Number and book value of treasury stocks			
(1) Treasury stocks less than one unit bought			
Number [in shares]	[19,751]	[9,967]	[221]
Book value	93	47	0
(2) Treasury stocks purchased under the stock option plan for directors or employees			
Number [in shares]	[2,171,500]	[1,849,600]	[2,181,000]
Book value	9,700	8,308	9,371
4. Details of increase in the number of shares issued during the first half of the current fiscal year.			
	Number of shares issued upon conversion/exercise (in shares)	Amounts transferred to capital stock (in millions of Yen)	
Conversion of convertible debentures	5,214	5	

5. 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, equivalent amount regarding leased property such as acquisition cost and accumulated depreciation under finance leases were as follows:

(1) Acquisition cost, accumulated depreciation and net book value

	Millions of Yen		
	September 30, 2002	March 31, 2002	September 30, 2001
Acquisition cost	1,067	1,176	976
Accumulated depreciation	667	762	669
Net book value	400	413	306
(2) Future lease payments			
Within one year	181	190	177
Over one year	218	223	128
Total	400	413	306

(3) Lease expenses

Equivalent amount of depreciation expenses	122	243	113
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(4) The computation of the amount corresponding to depreciation expenses

The amount corresponding to depreciation expenses is computed by 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.

6. Securities

Investments in capital stock of subsidiaries and affiliates with market quotation

	Millions of Yen		
	September 30, 2002	March 31, 2002	September 30, 2001
Book value	10,221	10,221	10,221
Market value	20,762	18,570	18,785
Unrealized difference	10,540	8,348	8,563

(Changes of accounting policies applied)

From this first half of the fiscal period, the Company changed the depreciation method for its polyvinyl chloride equipment among its machinery and equipment from the declining-balance method to the straight-line method.

Along with the maturation of polyvinyl chloride business in Japan, the Company has determined there is almost no potentiality to implement further massive capital expenditure and intends to stabilize the use of the current equipment for a long time. Consequently, this change in accounting policy is to maintain an appropriate balance of revenue and costs by leveling depreciation costs with periodic allocation.

With this change, depreciation and amortization cost during the period decreased by 183 millions of yen over the traditional method, and operating income, ordinary income and income before income taxes during the first half period increased by 168 millions of yen, respectively.

(Additional Information)

Effective April 1, 2002, statement of "Accounting for treasury stocks and reversal of legal reserves" was adopted. The effect of this adoption is immaterial.

10-3 Non-consolidated Comparison of Net Sales

For the period ended September 30, 2002 and 2001, and fiscal year ended March 31, 2002

	<u>Millions of Yen</u>			
	<u>For the period ended</u>			Increase (Decrease)
	<u>September 30, 2002</u>	<u>March 31, 2002</u>	<u>September 30, 2001</u>	
Organic and Inorganic Chemicals Department	85,283 [36%]	176,634 [38%]	88,691 [39%]	(3,408)
Electronics Materials Department	100,068 [42%]	168,372 [36%]	77,425 [34%]	22,643
Functional Materials Department	35,050 [15%]	82,985 [18%]	44,174 [20%]	(9,124)
International Operations Department	16,776 [7%]	37,340 [8%]	16,422 [7%]	354
Total	<u>237,178</u> [100%]	<u>465,333</u> [100%]	<u>226,714</u> [100%]	<u>10,464</u>
[Reference] Export Total	107,127 [45%]	199,113 [43%]	92,883 [41%]	14,244

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