

## Press Release of Consolidated Operating Results



For the First Quarter ended June 30, 2004

July 15, 2004

### Shin-Etsu Chemical Co., Ltd.

Listing Code No. 4063 (Listing Stock Exchange: Tokyo, Osaka, Nagoya)

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

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#### 1). Notes to Consolidated Operating Results

- (1) Adoption of simplified accounting methods : Yes  
(Details) Depreciation method , Income taxes and others
- (2) Changes in accounting policies : None
- (3) Changes in scope of consolidation or application of equity method : None

#### 2). Consolidated Operating Results for the First Quarter ended June 30, 2004 (From April 1, 2004 to June 30, 2004)

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

#### Results of Consolidated Operations

	Millions of Yen				
	First Quarter ended June 30				Fiscal year ended March 31, 2004
	2004		2003		
Net sales	222,833	11.3%	200,240	-	832,804
Operating income	36,020	-	-	-	125,625
Ordinary income	36,117	-	-	-	125,612
Net income	21,481	-	-	-	74,805
Net income per share (in yen)	51.05	-	-	-	177.25
Diluted net income per share (in yen)	49.97	-	-	-	173.52

- (Notes) 1. The percentage in the net sales represents increase compared with corresponding period of the previous year.  
2. The above operating results other than net sales for the first quarter of the previous year and the percentage of fluctuation between the first quarter of this year and that of the previous year are not disclosed since quarterly consolidated operating results other than net sales have been disclosed from this first quarter.

#### Qualitative Information Related to the Results of Consolidated Operations

With regard to the PVC business, Shintech Inc., Shin-Etsu's key PVC production base in the U.S., performed well, supported by the high level of demand created by a strong housing construction market. In addition, Shin-Etsu PVC in the Netherlands also continued steady PVC production and sales.

Shin-Etsu's silicone business in Japan moved steadily, and new production facilities started operations in Thailand aimed at increasing silicones sales in the Asian market. With regard to Shin-Etsu's cellulose derivatives business, SE Tylose, which was established in Germany after an acquisition at the end of last year, smoothly started operations.

Shin-Etsu's semiconductor silicon business expanded production capacity of its 300mm wafers and product shipments increased. Production of 200mm or smaller diameter silicon wafers continued at a high level due to the recovery of the PC market and the expansion of sales of such products as digital appliances. Furthermore, sales of rare earth magnets for the electronics industry, organic materials for the electronics industry and photoresists products all were steady.

Synthetic quartz products saw a large increase in shipments of large-size photomask substrates for the manufacturing of LCD panels. In addition, sales of general-purpose rare earth magnets continued to be steady, mainly for automobile and air-conditioner applications.

#### (Reference)

#### The Forecast of Consolidated Operating Results for the Fiscal Year Ending March 31, 2005

(From April 1, 2004 to March 31, 2005)

The revision of forecast has not been made. The forecast for the fiscal year will be reviewed after the close of the fiscal half.

(Attachment)

**Consolidated Income Statements (Summary)**

	Millions of Yen	
	First Quarter ended	Fiscal year ended
	June 30, 2004	March 31, 2004
	2004/4-2004/6	2003/4-2004/3
Net sales	222,833	832,804
Cost of sales	164,236	619,085
Gross profit	58,597	213,719
Selling, general and administrative expenses	22,576	88,094
Operating income	36,020	125,625
Non-operating income / expenses	96	(13)
Ordinary income	36,117	125,612
Extraordinary gains / losses	-	4
Income before income taxes	36,117	125,616
Income taxes	13,970	48,401
Minority interest in earnings of consolidated subsidiaries	665	2,409
Net income	21,481	74,805

**Business Segment Information**

	Millions of Yen			
	First Quarter ended		Fiscal year ended	
	June 30, 2004		March 31, 2004	
	2004/4-2004/6		2003/4-2004/3	
	Sales	Operating income	Sales	Operating income
Organic and inorganic Chemicals	120,705	17,273	457,009	65,112
Electronics Materials	72,820	13,516	262,245	42,182
Functional materials and Others	29,307	5,164	113,550	18,169
Elimination or corporate assets	-	66	-	161
Consolidated total	222,833	36,020	832,804	125,625