

5. Press Release of non-consolidated Financial Data

For the six months ended September 30, 2004



October 25, 2004

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 25, 2004

Starting date of interim cash dividend payment ... November 18, 2004

5-1. Operating Performance for the First Half of the Current Fiscal Year

(From April 1, 2004 to September 30, 2004)

(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>2004/4-2004/9</u>	<u>Six months</u> <u>2003/4-2003/9</u>	<u>Prior fiscal year</u> <u>2003/4-2004/3</u>
Net sales	256,081	238,294	482,580
Ratio of increase (decrease) over the first half of the prior year	7.5%	0.5%	
Operating income	31,566	28,665	56,073
Ratio of increase (decrease) over the first half of the prior year	10.1 %	(11.3 %)	
Ordinary income	31,043	29,013	58,065
Ratio of increase (decrease) over the first half of the prior year	7.0%	(9.3%)	
Net income	19,543	17,843	34,725
Ratio of increase (decrease) over the first half of the prior year	9.5%	(8.5%)	
Net income per share (in yen)	46.41	42.44	82.25
(Notes)			
1. Average number of shares issued (in shares)	421,103,701	420,400,185	420,484,380
2. Changes in accounting policies applied : No			

(2) Non-consolidated cash dividends

	Six months 2004/4-2004/9	Six months 2003/4-2003/9	Prior fiscal year 2003/4-2004/3
Interim cash dividend per share (in yen)	10.00	8.00	-
Total annual cash dividend per share (in yen)	-	-	16.00

(3) Non-consolidated financial position

	<u>Millions of Yen</u>		
	September 30, 2004	September 30, 2003	March 31, 2004
Total assets	757,029	697,994	758,820
Total stockholders' equity	562,646	523,741	544,266
Equity ratio	74.3%	75.0%	71.7%
Stockholders' equity per share (in yen)	1,328.73	1,245.55	1,293.30
(Notes)			
Number of shares outstanding (in shares)	423,447,630	420,491,357	420,726,402
Number of treasury stocks	2,611,131	2,132,890	2,072,068

5-2. The Forecast of Non-consolidated Operating Performance for the Fiscal Year ending March 31, 2005. (From April 1, 2004 to March 31, 2005)

	Millions of Yen Fiscal year 2004/4-2005/3
Net sales	520,000
Ordinary income	62,000
Net income	39,000
Total annual cash dividend per share (in yen) (Including 10 yen year-end cash dividend per share)	20.00

(Reference)

The forecast of "Net income per share" (in yen, for the year ending March 31, 2005)	91.77
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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.

6. Non-consolidated Financial Statements

6-1 Comparative Non-consolidated Balance Sheets

As of September 30, 2004, March 31, 2004 and September 30, 2003.

Millions of Yen

ASSETS	September 30, 2004 (A)	March 31, 2004 (B)	September 30, 2003	Increase (Decrease) (A-B)
Current Assets:				
Cash on hand and in banks	132,711	135,270	119,599	(2,559)
Notes and accounts receivable -trade	158,822	152,369	141,759	6,453
Securities	43,453	47,276	53,551	(3,823)
Inventories	36,252	37,838	40,397	(1,586)
Deferred tax assets	11,698	11,590	9,399	108
Short-term loan	28,386	30,624	16,224	(2,238)
Others	20,429	15,536	11,593	4,893
Less: Allowance for doubtful accounts	(910)	(700)	(700)	(210)
Total current assets	<u>430,843</u>	<u>429,805</u>	<u>391,824</u>	<u>1,038</u>
Fixed Assets:				
Property, plant and equipment				
Buildings and structures	36,038	36,412	37,490	(374)
Machinery, equipment and vehicles	47,317	47,886	46,087	(569)
Others	25,989	27,137	32,217	(1,148)
Total	<u>109,346</u>	<u>111,436</u>	<u>115,795</u>	<u>(2,090)</u>
Intangible fixed assets	<u>1,029</u>	<u>1,190</u>	<u>1,697</u>	<u>(161)</u>
Investments and others				
Investments in securities	115,346	115,878	119,978	(532)
Investments in capital stocks of subsidiaries and affiliates	95,441	95,441	63,000	-
Others	5,032	5,077	5,707	(45)
Less: Allowance for doubtful accounts	(10)	(10)	(10)	-
Total	<u>215,809</u>	<u>216,387</u>	<u>188,677</u>	<u>(578)</u>
Total fixed assets	<u>326,185</u>	<u>329,015</u>	<u>306,170</u>	<u>(2,830)</u>
TOTAL ASSETS	<u>757,029</u>	<u>758,820</u>	<u>697,994</u>	<u>(1,791)</u>

Millions of Yen

	September 30, 2004 (A)	March 31, 2004 (B)	September 30, 2003	Increase (Decrease) (A-B)
LIABILITIES				
Current Liabilities:				
Notes and accounts payable -trade	96,899	90,228	86,442	6,671
Short-term borrowings	16,420	30,979	12,842	(14,559)
Convertible debentures of redemption within one year	11,599	-	-	11,599
Accounts payable-others	12,878	11,685	8,215	1,193
Accrued expenses	19,425	20,116	14,908	(691)
Accrued income taxes	13,651	17,659	10,922	(4,008)
Others	1,236	2,287	972	(1,051)
Total current liabilities	<u>172,110</u>	<u>172,956</u>	<u>134,304</u>	<u>(846)</u>
Long-term Liabilities:				
Convertible debentures	-	17,849	18,183	(17,849)
Long-term borrowings	14,962	14,965	17,114	(3)
Deferred tax liabilities	6,823	8,505	4,053	(1,682)
Accrued retirement benefits	486	276	443	210
Others	-	-	154	-
Total long-term liabilities	<u>22,272</u>	<u>41,596</u>	<u>39,949</u>	<u>(19,324)</u>
TOTAL LIABILITIES	<u>194,382</u>	<u>214,553</u>	<u>174,253</u>	<u>(20,171)</u>
STOCKHOLDERS' EQUITY				
Common stock	113,619	110,493	110,326	3,126
Additional paid-in capital	114,977	111,854	111,687	3,123
Retained earnings	336,609	320,606	307,105	16,003
Unrealized gain on available-for-sale securities	8,673	10,531	4,111	(1,858)
Treasury stocks	(11,233)	(9,219)	(9,490)	(2,014)
TOTAL STOCKHOLDERS' EQUITY	<u>562,646</u>	<u>544,266</u>	<u>523,741</u>	<u>18,380</u>
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	<u>757,029</u>	<u>758,820</u>	<u>697,994</u>	<u>(1,791)</u>

6-2 Comparative Non-consolidated Income Statements

For the six months period ended September 30, 2004 and 2003, and the fiscal year ended March 31, 2004.

Millions of Yen

	For the period ended			Increase (Decrease) (A-B)
	September 30, 2004 (A)	March 31, 2004	September 30, 2003 (B)	
Operating Income and Expenses:				
Net sales	256,081	482,580	238,294	17,787
Cost of sales	208,517	395,402	194,488	14,029
Gross profit	47,564	87,177	43,805	3,759
Selling, general and administrative expenses	15,997	31,104	15,140	857
Operating income	31,566	56,073	28,665	2,901
Non-operating Income:				
Interest income	151	235	115	36
Dividend income	2,175	2,318	1,984	191
Other income	514	1,860	769	(255)
	2,841	4,413	2,870	(29)
Non-operating Expenses:				
Interest expenses	331	805	347	(16)
Other expenses	3,033	1,616	2,174	859
	3,364	2,421	2,521	843
Ordinary income	31,043	58,065	29,013	2,030
Income before income taxes	31,043	58,065	29,013	2,030
Income taxes-Current	12,030	22,990	8,730	3,300
Income taxes-Deferred	(530)	350	2,440	(2,970)
Net income	19,543	34,725	17,843	1,700
Retained earnings at beginning of year	7,455	6,687	6,687	768
Interim cash dividend	-	3,363	-	-
Loss on disposal of treasury stocks	31	28	11	20
Unappropriated retained earnings	26,966	38,019	24,519	2,447

(Notes)

	Millions of Yen		
	September 30, 2004	March 31, 2004	September 30, 2003
1. Accumulated depreciation of property, plant and equipment	310,788	318,403	308,762
2. Contingent liabilities for guarantee	5,436	5,197	3,472
3. Details of increase in the number of shares issued during the first half of the current fiscal year.			

	Number of shares issued	Amounts transferred to capital stock
	(in shares)	(in millions of Yen)
Conversion of convertible debentures	3,260,291	3,126

	Millions of Yen For the period ended		
	September 30, 2004	March 31, 2004	September 30, 2003
4. Depreciation of tangible and intangible fixed assets	9,297	20,120	9,221

(Lease Transactions)

According to disclosure through EDINET, detailed information about lease transactions is being omitted from this report.

(Securities)

Investments in capital stock of subsidiaries and affiliates with market quotation

	Millions of Yen		
	September 30, 2004	March 31, 2004	September 30, 2003
Book value	10,221	10,221	10,221
Market value	26,350	27,468	28,715
Unrealized difference	16,129	17,246	18,493

6-3 Non-consolidated Comparison of Net Sales

For the period ended September 30, 2004 and 2003, and fiscal year ended March 31, 2004.

	<u>Millions of Yen</u>			
	<u>For the period ended</u>			<u>Increase (Decrease)</u>
	<u>September 30, 2004</u>	<u>March 31, 2004</u>	<u>September 30, 2003</u>	
Organic and Inorganic Chemicals Department	93,293 [37%]	177,560 [37%]	86,251 [36%]	7,042
Electronics Materials Department	118,218 [46%]	212,639 [44%]	103,757 [43%]	14,461
Functional Materials Department	28,927 [11%]	56,755 [12%]	27,885 [12%]	1,042
International Operations Department	15,643 [6%]	35,625 [7%]	20,399 [9%]	(4,756)
Total	<u>256,081</u> [100%]	<u>482,580</u> [100%]	<u>238,294</u> [100%]	<u>17,787</u>
[Reference] Export Total	105,852 [41%]	203,037 [42%]	102,449 [43%]	3,403

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