

## Press Release of Consolidated Operating Results



For the nine months ended December 31, 2004

January 19, 2005

### 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 : Yes

Consolidation            Increase 1            Decrease 2

Equity method            Increase 0            Decrease 0

#### 2). Consolidated Operating Results for the nine months ended December 31, 2004 (From April 1, 2004 to December 31, 2004)

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

#### Results of Consolidated Operations

	Millions of Yen				
	For the nine months ended December 31		Fiscal year ended		
	2004	2003	March 31, 2004		
Net sales	717,274	15.7%	619,953	-	832,804
Operating income	114,758	-	-	-	125,625
Ordinary income	113,515	-	-	-	125,612
Net income	69,744	-	-	-	74,805
Net income per share (in yen)	165.16	-	-	-	177.25
Diluted net income per share (in yen)	162.41	-	-	-	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 nine months of the previous year and the percentage of fluctuation between the nine months of this year and that of the previous year are not disclosed since nine months' consolidated operating results other than net sales have been disclosed from this fiscal year.

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

In the PVC business, under a situation in which the sales price of PVC rose due to the steep rise in the cost of raw materials such as natural gas, Shintech Inc. in the U.S., Shin-Etsu's core PVC company did well, mainly because of the strong demand in housing construction. Shin-Etsu PVC in The Netherlands also continued smooth production and favorable sales. In the domestic PVC business, at the end of September an additional upward price revision was implemented, and exports were strong, especially to China. The domestic silicone business continued to be firm. International sales of silicones also expanded, mainly in the Asian market, including products of Shin-Etsu's new plant in Thailand. Sales of cellulose derivatives were strong, particularly for applications as building materials, in automobiles and as pharmaceuticals. SE Tylose, which was acquired at the end of 2003, continued to operate at a high level.

Shipments of semiconductor silicon continued at a high-level, especially of 300mm wafers, for which Shin-Etsu is expanding production. Sales of rare earth magnets for the electronics industry, particularly in applications for mobile digital audio players, organic materials for the electronics industry and photoresists, reflecting the strength shown in the semiconductor device industry, were all good.

Demand for optical fiber preform continued to be sluggish; however, shipments of large-size photomask substrates for the manufacturing of liquid-crystal displays (LCDs) continued at a high-level. Shipments of rare earth magnets for general use, mainly for automobile and air-conditioner applications, continued to be steady.

#### (Reference)

#### The Forecast of Consolidated Operating Results for the Fiscal Year Ending March 31, 2005 (From April 1, 2004 to March 31, 2005)

Forecast has not been revised since that disclosed on October 25, 2004.

(Attachment)

**Consolidated Income Statements (Summary)**

	Millions of Yen	
	For the nine months ended Dec.31, 2004	Fiscal year ended March 31,2004
	Apr.2004-Dec.2004	Apr.2003-Mar.2004
Net sales	717,274	832,804
Cost of sales	529,097	619,085
Gross profit	188,177	213,719
Selling, general and administrative expenses	73,418	88,094
Operating income	114,758	125,625
Net non-operating income (expenses)	(1,242)	(13)
Ordinary income	113,515	125,612
Extraordinary gains (losses)	-	4
Income before income taxes	113,515	125,616
Income taxes	41,377	48,401
Minority interest in earnings of consolidated subsidiaries	2,393	2,409
Net income	69,744	74,805

**Business Segment Information**

	Millions of Yen			
	For the nine months ended Dec.31, 2004		Fiscal year ended March 31,2004	
	Apr.2004-Dec.2004		Apr.2003-Mar.2004	
	Sales	Operating income	Sales	Operating income
Organic and inorganic Chemicals	403,982	58,083	457,009	65,112
Electronics Materials	230,055	40,682	262,245	42,182
Functional materials and Others	83,236	15,889	113,550	18,169
Elimination	-	102	-	161
Consolidated total	717,274	114,758	832,804	125,625