Brief Statement on Consolidated Financial Results for the Second Quarter (ended July 31, 2013) of Fiscal Year 2013 (ending December 31, 2013) [Japanese Accounting Standards]

September 6, 2013
TSE First Section

Company name: SUMCO Corporation
Code: 3436 URL: http://www.sumcosi.com/
Representative: Mayuki Hashimoto, President & CEO
Contact person: Hiroshi Shibuya, General Manager, Public Relations & IR Department (Tel: +81-3-5444-3915)
Scheduled date of filing of quarterly security report: September 13, 2013
Scheduled date of commencement of dividend payment: —
Supplementary materials for quarterly financial results: Yes
Quarterly results briefing: Yes (For institutional investors and security analysts)

(Amounts smaller than one million yen are rounded down)

1. Consolidated Business Results for the Second Quarter (February 1, 2013–July 31, 2013) of Fiscal Year 2013 (ending December 31, 2013)

(1) Consolidated Financial and Operating Results (fiscal year-to-date)

(Percentage figures represent year-on-year changes)

	Net sales		Operating income		Ordinary income		Net income	
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)
2Q of FY2013	100,635	(7.4)	11,853	71.8	3,740	(29.4)	123	(97.5)
2Q of FY2012	108,662	(19.5)	6,898	27.1	5,299	245.0	4,980	—

Note: Comprehensive income

2Q of FY2013: 10,012 million yen (31.3%); 2Q of FY2012: 7,627 million yen (—%)

	Net income per share for quarter (yen)	Diluted net income per share for quarter (yen)
2Q of FY2013	(1.68)	—
2Q of FY2012	17.98	17.64

(2) Consolidated Financial Position

	Total assets (millions of yen)	Equity (millions of yen)	Shareholders' equity ratio (%)
2Q of FY2013	486,493	188,566	33.8
FY2012	493,334	180,325	32.2

(Reference) Shareholders' equity: 2Q of FY2013: 164,310 million yen; FY2012: 158,746 million yen

2. Dividend Payments

	Yearly dividend per share				
	First quarter (yen)	Second quarter (yen)	Third quarter (yen)	Year-end (yen)	Full year (yen)
FY2012	—	0.00	—	2.00	2.00
FY2013	—	0.00			
FY2013 (Forecast)			—	—	—

Note: (1) Revisions to dividend forecasts made during the quarter under review: No
(2) Dividends per share for the fiscal year-ending December 31, 2013 are not determined.
(3) The above "Dividend Payments" is the status of dividend related to common stock. As for the status of dividend for class shares (unlisted) with different rights from those of the company's common stock, please see "(Reference) Dividend Payments for class A shares" on page 3.

3. Consolidated Business Forecasts for Fiscal Year 2013 (ending December 31, 2013)

(Percentage figures represent changes from previous year)

	Net sales		Operating income		Ordinary income		Net income		Net income per share
	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(millions of yen)	(%)	(yen)
Full year	180,000	—	15,000	—	5,000	—	500	—	(2.05)

Note: (1) Revisions to consolidated business forecasts made during the quarter under review: Yes
(2) SUMCO changed its fiscal year-end from January 31 to December 31 because "Proposal for Partial amendment to Article of Incorporation" was approved at its general meeting of shareholders on April 25, 2013. Fiscal year 2013 is the eleven month transitional period (February 1, 2013 - December 31, 2013), so changes from previous year are not shown.

* Notes

(1) Changes in important subsidiaries during the quarter under review: No
New Company: Not applicable Exclusion: Not applicable

(2) Application of accounting methods specific to the preparation of quarterly consolidated financial statement: No

(3) Changes in accounting policies, changes in accounting estimates and corrections of prior-period errors
[1] Changes in accounting policies applied with revisions of accounting standards: No
[2] Changes in accounting policies other than [1]: No
[3] Changes in accounting estimates: No
[4] Corrections of prior-period errors: No

(4) Number of issued shares (common stock)
[1] Issued shares as of the end of period (including treasury stock):
257,751,739 shares as of the end of second quarter of FY2013; 257,751,739 shares as of end of FY2012
[2] Treasury stock as of the end of period:
5,746 shares as of the end of second quarter of FY2013; 5,166 shares as of end of FY2012
[3] Average number of shares during period (fiscal year-to-date):
257,746,290 shares during second quarter of FY2013; 257,746,841 shares during second quarter of FY2012

* Note on implementation of quarterly review procedures:

This Brief Statement on Consolidated Financial Results is not subject to quarterly review procedures pursuant to the Financial Instruments and Exchange Act. Review procedures for quarterly financial statements pursuant to the Financial Instruments and Exchange Act had not been completed at the time of the disclosure of this Brief Statement on Consolidated Financial Results.

* Explanations regarding appropriate use of business forecasts and other special instructions:

Business forecasts and other forward-looking statements contained in this Brief Statement on Consolidated Financial Results are based on information currently available to the Company and on certain assumptions that the Company considers to be reasonable. Actual results may differ significantly from those projected in the forward-looking statements as a result of various factors. Regarding the assumptions underlying business forecasts, please see "Qualitative Information on Consolidated Business Forecasts" on page 2 of Supplementary Materials.

SUMCO changed its fiscal year-end from January 31 to December 31 because "Proposal for Partial amendment to Article of Incorporation" was approved at its general meeting of shareholders on April 25, 2013. Fiscal year 2013 is the eleven month transitional period (February 1, 2013 - December 31, 2013).

Dividends per share for the fiscal year-ending December 31, 2013 are not determined, and a forecast will be disclosed as soon as the disclosure becomes possible.

Quarterly results briefing for institutional investors and security analysts are scheduled on September 6, 2013. Supplementary materials for quarterly financial results are available in our web site after starting the briefing.

(Reference) Dividend Payments for class A shares

Dividend per share related to class shares (unlisted) with different rights from those of the company's common stock

Class A shares	Yearly dividend per share				
	First quarter (yen)	Second quarter (yen)	Third quarter (yen)	Year-end (yen)	Full year (yen)
FY2012	—	—	—	2,500,000.00	2,500,000.00
FY2013	—	—			
FY2013 (Forecast)			—	—	—

Note: Dividends per share for the fiscal year-ending December 31, 2013 are not determined.

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1. Qualitative Information for the Second Quarter of Fiscal Year 2013

(1) Qualitative Information on Consolidated Business Results

The SUMCO Group has actively promoted the following SUMCO Vision and share to all our employees, enabling them to work with a high level of motivation:

1. World's best in technology
2. Deficit-resistant even during economic downturns
3. Lively, vigorous business activities with a keen awareness of profit
4. Competitiveness in overseas markets

Although demand for personnel computer fell by almost 10% year-on-year, the silicon wafer market in the second quarter of FY2013 was bolstered by demand for smartphone, tablet PC, automotive equipment, and household appliance. Compared to the first quarter, the market recovered as anticipated in the second quarter.

In this environment, following the direction set by the SUMCO Vision, the Group has strived to develop technologies that will differentiate current products, reduce costs, and lower our break-even point.

Based on our Business Reorganization Plan, at the end of July we consolidated production by closing the 200 mm line at our Ikuno Plant and the 150 mm line at our Imari Plant. Volume growth cannot be expected for small diameter wafers, and we plan to draw up a future-oriented action plan and implement it as appropriate.

As a result, for the period under review (February 1–July 31, 2013), the Group registered consolidated net sales of 100,635 million yen, operating income of 11,853 million yen, ordinary income of 3,740 million yen. As the Group registered loss incurred from business restructuring of 2,086 million yen in the extraordinary loss section, net income came to 123 million yen.

(2) Qualitative Information on Consolidated Business Forecasts

Following the trend set in the first half, the market for computer will again contract by around 10% year-on-year in the second half, and market for tablet PC will continue to be strong. Contrary to expectations at the start of the year, smartphone, which have driven demand, are projected to undergo sharp production and inventory adjustments in the second half. Moreover, due to foundries rapidly adjusting production of high-end products and shifting output to low-end products as part of a general transition in this direction, wafer demand in the foreseeable future has declined further than anticipated. However, since the market structure whereby smartphone and tablet PC drive demand remains largely unchanged, this adjustment phase is predicted to be relatively short, and recovery is expected in the first half of next year.

During this sharp adjustment phase in the market, the SUMCO Group will rigorously reduce fixed costs and strengthen its revenue base to ensure earnings even in an economic downturn.

As a result of the above factors, we have revised our consolidated business forecasts for fiscal 2013 as follows.

Consolidated Business Forecasts (February 1, 2013 – December 31, 2013)

	Net Sales (millions of yen)	Operating Income (millions of yen)	Ordinary Income (millions of yen)	Net Income (millions of yen)
Previous Forecasts (A)	192,000	24,000	16,000	10,000
Revised Forecasts (B)	180,000	15,000	5,000	500
Change (B-A)	(12,000)	(9,000)	(11,000)	(9,500)

(Note) Business forecasts and other forward-looking statements contained in this Brief Statement of Financial Results are based on assumptions that we consider to be reasonable based on information currently available to us, and our actual results may differ significantly from those projection in the forward-looking statement as a result of various factors.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(millions of yen)

	End of FY2012 (January 31, 2013)	End of 2Q of FY2013 (July 31, 2013)
Assets		
Current assets		
Cash and time deposits	35,103	18,027
Notes and accounts receivable	32,457	33,436
Marketable securities	37,000	33,000
Finished products	17,030	16,262
Work in process	11,229	12,163
Raw materials and supplies	84,798	104,214
Others	9,253	8,198
Allowance for doubtful accounts	(131)	(11)
Total current assets	226,741	225,292
Fixed assets		
Tangible fixed assets		
Buildings and structures (net)	95,488	93,983
Machinery and transportation equipment (net)	46,549	49,055
Land	20,235	20,243
Construction in progress	16,328	13,418
Others (net)	759	640
Total tangible fixed assets	179,360	177,341
Intangible fixed assets		
Goodwill	15,231	14,402
Others	2,613	2,407
Total intangible fixed assets	17,844	16,809
Investments and other assets		
Investment securities	118	119
Long-term advance payments	58,094	56,028
Deferred income tax assets	5,925	6,159
Others	5,619	5,131
Allowance for doubtful accounts	(370)	(388)
Total investments and other assets	69,387	67,050
Total fixed assets	266,592	261,201
Total assets	493,334	486,493

(millions of yen)

	End of FY2012 (January 31, 2013)	End of 2Q of FY2013 (July 31, 2013)
Liabilities		
Current liabilities		
Notes and accounts payable	28,658	27,309
Short-term borrowings	125,308	96,723
Current portion of long-term lease obligations	9,074	7,068
Accrued income taxes	236	279
Reserve for bonuses	2,171	2,149
Others	19,838	14,773
Total current liabilities	185,287	148,305
Long-term liabilities		
Long-term debt	103,150	126,108
Long-term lease obligations	2,410	1,107
Liability for employee retirement benefits	17,544	17,655
Others	4,614	4,750
Total long-term liabilities	127,721	149,621
Total liabilities	313,008	297,927
Equity		
Shareholders' equity		
Capital stock	136,607	136,607
Capital surplus	15,676	15,676
Retained earnings	16,849	15,332
Treasury stock	(8)	(9)
Total shareholders' equity	169,124	167,606
Accumulated other comprehensive loss		
Net unrealized gain on available-for-sale securities	0	0
Deferred loss on derivatives under hedge accounting	(3,431)	(173)
Land revaluation surplus	2,671	2,671
Post retirement liability adjustments for foreign consolidated subsidiaries	—	(138)
Foreign currency translation adjustments	(9,618)	(5,655)
Total accumulated other comprehensive loss	(10,378)	(3,296)
Minority interests	21,579	24,255
Total equity	180,325	188,566
Total liabilities and equity	493,334	486,493

(2) Consolidated Statements of Income and Consolidated Statement of Comprehensive Income

[1] Consolidated Statements of Income

(millions of yen)

	2Q of FY2012 (February 1, 2012– July 31, 2012)	2Q of FY2013 (February 1, 2013– July 31, 2013)
Net sales	108,662	100,635
Cost of sales	89,472	78,427
Gross profit	19,189	22,207
Selling, general and administrative expenses	12,290	10,354
Operating income	6,898	11,853
Non-operating income		
Interest income	13	17
Dividend income	20	16
Foreign exchange gain	68	-
Subsidy income	495	148
Compensation income	5	63
Others	216	95
Total non-operating income	820	341
Non-operating expenses		
Interest expense	1,655	1,684
Foreign exchange loss	-	5,407
Others	764	1,362
Total non-operating expenses	2,419	8,454
Ordinary income	5,299	3,740
Extraordinary income		
Compensation income	1,057	-
Total extraordinary income	1,057	-
Extraordinary loss		
Loss incurred from business restructuring	460	2,086
Total extraordinary loss	460	2,086
Income before income taxes and minority interests	5,896	1,654
Income taxes	344	741
Net income before minority interests	5,552	913
Minority interests	572	789
Net income	4,980	123

[2] Consolidated Statement of Comprehensive Income

(millions of yen)

	2Q of FY2012 (February 1, 2012– July 31, 2012)	2Q of FY2013 (February 1, 2013– July 31, 2013)
Net income before minority interests	5,552	913
Other comprehensive income		
Net unrealized gain (loss) on available-for-sale securities	31	(0)
Deferred gain on derivatives under hedge accounting	825	3,257
Post retirement liability adjustments for foreign consolidated subsidiaries	-	(284)
Foreign currency translation adjustments	1,218	6,125
Total other comprehensive income	2,075	9,099
Comprehensive income	7,627	10,012
Total comprehensive income attributable to		
Owners of the parent	6,524	7,205
Minority interests	1,103	2,806

(3) Notes regarding Going Concern Assumption
Not applicable

(4) Notes regarding Significant Changes in Shareholders' Equity
Not applicable