Brief Statement on Consolidated Financial Results for the Second Quarter (ended June 30, 2014) of Fiscal Year 2014 (ending December 31, 2014) [Japanese Accounting Standards]

August 8, 2014

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Scheduled date of filing of quarterly security report: August 12, 2014
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 (January 1, 2014 – June 30, 2014) of Fiscal Year 2014 (ending December 31, 2014)

(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 FY2014	109,022	—	12,607	—	10,353	—	7,823	—
2Q of FY2013	100,635	(7.4)	11,853	71.8	3,740	(29.4)	123	(97.5)

Note: Comprehensive income
2Q of FY2014: 6,329 million yen (—%); 2Q of FY2013: 10,012 million yen (31.3%)

	Net income per share for quarter (yen)	Diluted net income per share for quarter (yen)
2Q of FY2014	28.19	25.54
2Q of FY2013	(1.68)	—

(Note) The period of the second quarter of fiscal year 2014 (January 1, 2014 – June 30, 2014) is changed from that of fiscal year 2013 (February 1, 2013 – July 31, 2013). Therefore year-on-year changes are not shown.

(2) Consolidated Financial Position

	Total assets (millions of yen)	Equity (millions of yen)	Shareholders' equity ratio (%)
2Q of FY2014	487,559	199,494	35.5
FY2013	498,522	194,836	33.7

(Reference) Shareholders' equity: 2Q of FY2014: 172,894 million yen; FY2013: 168,050 million yen

2. Dividend Payments

	Yearly dividend per share				
	First quarter (yen)	Second quarter (yen)	Third quarter (yen)	Year-end (yen)	Full year (yen)
FY2013	—	0.00	—	1.00	1.00
FY2014	—	0.00			
FY2014 (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, 2014 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 Third Quarter of Fiscal Year 2014 (January 1, 2014 – September 30, 2014)

(Percentage figures represent year-on-year changes)

	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)
3Q of FY2014 (Nine months)	164,000	—	18,500	—	15,000	—	11,000	—	39.41

Note: (1)Revisions to consolidated business forecasts made during the quarter under review: Yes
(2)SUMCO changed the disclosure policy of business forecasts. Please see "Explanation of Business forecasts" on page 2 of Supplementary Materials.
(3)The period of the third quarter of fiscal year 2014 (January 1, 2014 – September 30, 2014) is changed from that of fiscal year 2013 (February 1, 2013 – October 31, 2013). Therefore year-on-year changes are not shown.

* Notes

(1) Changes in important subsidiaries during the quarter under review: No
New Company: — Exclusion: —

(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 FY2014; 257,751,739 shares as of end of FY2013
[2] Treasury stock as of the end of period:
5,906 shares as of the end of second quarter of FY2014; 5,826 shares as of end of FY2013
[3] Average number of shares during period (fiscal year-to-date):
257,745,872 shares during the second quarter of FY2014; 257,746,290 shares during the second quarter of FY2013

* 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, and do not constitute guarantees of future performance. 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 "Explanation of 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.

Dividends per share for the fiscal year-ending December 31, 2014 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 August 8, 2014. 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)
FY2013	—	—	—	2,287,671.23	2,287,671.23
FY2014	—	—			
FY2014 (Forecast)			—	—	—

Note: Dividends per share for the fiscal year-ending December 31, 2014 are not determined.

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1. Qualitative Information for the Second Quarter of Fiscal Year 2014

(1) Explanation of Business Results

During the second quarter of fiscal year 2014 (January 1, 2014–June 30, 2014), demand for 300 mm silicon wafer continued to grow as PC sales bottomed out and demand for smartphones and game equipment remained robust. Demand for small-diameter wafers of 200 mm or less continued to recover amidst rising demand in automobiles, industrial and consumer applications.

In this environment, following the direction set by the SUMCO Vision, the SUMCO Group has strived to bolster its market presence by developing technologies that meet customers' demands for high levels of precision and product differentiation, while simultaneously reducing costs to lower its break-even point.

As a result, for the period under review, the Group registered consolidated net sales of 109,022 million yen, operating income of 12,607 million yen, ordinary income of 10,353 million yen and net income of 7,823 million yen.

(2) Explanation of Business Forecasts

Due to the reasons described below, SUMCO changed its disclosure policy of business forecasts and discloses forecasts for the forthcoming quarter only.

Reasons for Change of Disclosure Policy

- The semiconductor industry in which the Group operates is characterized by volatile, drastically changes in the business environment over a short period of time.
- The Group operates in a single segment, which is the high-purity silicon business, and is significantly impacted by the above-mentioned changes in the business environment.
- The semiconductor manufacturers who are the Group's customers almost without exception disclose forecasts for the forthcoming quarter only and do not disclose half-year and full-year forecasts. Some present only qualitative information.

Strong demand is projected for the silicon wafer market in the third quarter of fiscal year 2014. Following on the trends of the second quarter, demand is expected to be driven chiefly by robust demand for mobile terminals, and semiconductors used in automobiles, industrial and consumer applications. However, some adjustment may occur in the case of certain products.

In light of this market forecast, the Group is committed to strengthening its profit base by continuing to develop new technologies and reduce costs.

SUMCO announces its consolidated business forecasts for the third quarter of fiscal year 2014 as follows.

Consolidated Business Forecasts for the third quarter of fiscal year 2014 (January 1, 2014 – September 30, 2014)

	Net sales (millions of yen)	Operating income (millions of yen)	Ordinary income (millions of yen)	Net income (millions of yen)	Net income per share (yen)
Previous Forecasts (A)	—	—	—	—	—
Revised Forecasts (B)	164,000	18,500	15,000	11,000	39.41
Changes (B-A)	—	—	—	—	—
Rate of changes (%)	—	—	—	—	—
(Reference) Results for 3Q-FY2013 (Nine months)	147,365	15,573	5,685	382	(1.78)

(Note) 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, and do not constitute guarantees of future performance. Actual results may differ significantly from those projected in the forward-looking statements as a result of various factors.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(millions of yen)

	End of FY2013 (December 31, 2013)	End of 2Q of FY2014 (June 30, 2014)
Assets		
Current assets		
Cash and time deposits	31,363	31,719
Notes and accounts receivable – trade	30,806	31,360
Marketable securities	31,500	30,800
Finished products	14,750	14,823
Work in process	12,189	13,537
Raw materials and supplies	115,719	113,566
Other	7,940	7,304
Allowance for doubtful accounts	(11)	(11)
Total current assets	244,259	243,099
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	92,804	89,611
Machinery, equipment and vehicles, net	51,976	49,885
Land	20,279	20,254
Construction in progress	8,133	6,053
Other, net	600	680
Total property, plant and equipment	173,794	166,485
Intangible assets		
Goodwill	13,573	12,744
Other	2,289	2,747
Total intangible assets	15,862	15,492
Investments and other assets		
Investment securities	119	81
Long-term advance payments	54,306	52,431
Deferred income tax assets	5,623	4,747
Other	4,953	5,611
Allowance for doubtful accounts	(396)	(390)
Total investments and other assets	64,606	62,481
Total non-current assets	254,263	244,459
Total assets	498,522	487,559

(millions of yen)

	End of FY2013 (December 31, 2013)	End of 2Q of FY2014 (June 30, 2014)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	29,952	19,926
Short-term borrowings	89,110	77,719
Current portion of long-term lease obligations	3,727	796
Accrued income taxes	477	610
Reserve for bonuses	2,016	490
Other	9,955	12,610
Total current liabilities	135,238	112,152
Long-term liabilities		
Long-term debt	143,841	151,657
Long-term lease obligations	2,159	1,869
Liability for retirement benefits	17,505	17,766
Other	4,941	4,619
Total long-term liabilities	168,447	175,912
Total liabilities	303,686	288,065
Equity		
Shareholders' equity		
Capital stock	136,607	136,607
Capital surplus	15,676	15,676
Retained earnings	15,924	22,480
Treasury stock	(9)	(9)
Total shareholders' equity	168,198	174,754
Accumulated other comprehensive loss		
Net unrealized gain on available-for-sale securities	0	0
Deferred loss on derivatives under hedge accounting	—	(2)
Land revaluation surplus	2,671	2,670
Foreign currency translation adjustments	(2,675)	(4,398)
Postretirement liability adjustments for foreign consolidated subsidiaries	(143)	(129)
Total accumulated other comprehensive loss	(147)	(1,859)
Minority interests	26,785	26,599
Total equity	194,836	199,494
Total liabilities and equity	498,522	487,559

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

(Consolidated Statement of Income)

(millions of yen)

	2Q of FY2013 (February 1, 2013– July 31, 2013)	2Q of FY2014 (January 1, 2014– June 30, 2014)
Net sales	100,635	109,022
Cost of sales	78,427	84,931
Gross profit	22,207	24,090
Selling, general and administrative expenses	10,354	11,483
Operating income	11,853	12,607
Non-operating income		
Interest income	17	17
Dividend income	16	—
Gain on sales of materials	5	149
Reward income	—	47
Other	301	61
Total non-operating income	341	276
Non-operating expenses		
Interest expense	1,684	1,848
Foreign exchange loss	5,407	238
Other	1,362	443
Total non-operating expenses	8,454	2,530
Ordinary income	3,740	10,353
Extraordinary loss		
Loss incurred from business restructuring	2,086	—
Total extraordinary loss	2,086	—
Income before income taxes and minority interests	1,654	10,353
Income taxes	741	1,326
Net income before minority interests	913	9,026
Minority interests	789	1,203
Net income	123	7,823

(Consolidated Statement of Comprehensive Income)

(millions of yen)

	2Q of FY2013 (February 1, 2013– July 31, 2013)	2Q of FY2014 (January 1, 2014– June 30, 2014)
Net income before minority interests	913	9,026
Other comprehensive income		
Net unrealized loss on available-for-sale securities	(0)	(0)
Deferred (loss) gain on derivatives under hedge accounting	3,257	(2)
Foreign currency translation adjustments	6,125	(2,721)
Postretirement liability adjustments for foreign consolidated subsidiaries	(284)	26
Total other comprehensive (loss) income	9,099	(2,697)
Comprehensive income	10,012	6,329
Total comprehensive income attributable to:		
Owners of the parent	7,205	6,111
Minority interests	2,806	218

(3) Notes on Consolidated Financial Statements

(Notes regarding Going Concern Assumption)

Not applicable

(Notes regarding Significant Changes in Shareholders' Equity)

Not applicable