Brief Statement on Consolidated Financial Results for the Second Quarter (ended June 30, 2015) of Fiscal Year 2015 (ending December 31, 2015) [Japanese Accounting Standards]

August 6, 2015

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Scheduled date of filing of quarterly security report: August 12, 2015
Scheduled date of commencement of dividend payment: September 28, 2015
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, 2015 – June 30, 2015) of Fiscal Year 2015 (ending December 31, 2015)

(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 FY2015	123,074	12.9	18,350	45.6	15,339	48.2	10,913	39.5
2Q of FY2014	109,022	—	12,607	—	10,353	—	7,823	—

(Note) Comprehensive income
2Q of FY2015: 16,817 million yen (165.7%); 2Q of FY2014: 6,329 million yen (—%)

	Net income per share for quarter (yen)	Diluted net income per share for quarter (yen)
2Q of FY2015	40.38	37.70
2Q of FY2014	28.19	25.54

(Note) The period of the second quarter of fiscal year 2014 (January 1, 2014 – June 30, 2014) was changed from that of fiscal year 2013 (February 1, 2013 – July 31, 2013). Therefore year-on-year changes of 2Q of FY2014 are not shown.

(2) Consolidated Financial Position

	Total assets (millions of yen)	Equity (millions of yen)	Shareholders' equity ratio (%)
2Q of FY2015	500,162	242,528	41.7
FY2014	510,570	216,725	36.2

(Reference) Shareholders' equity: 2Q of FY2015: 208,734 million yen; FY2014: 185,001 million yen

2. Dividend Payments

	Yearly dividend per share				
	First quarter (yen)	Second quarter (yen)	Third quarter (yen)	Year-end (yen)	Full year (yen)
FY2014	—	0.00	—	4.00	4.00
FY2015	—	10.00			
FY2015 (Forecast)			—	10.00	20.00

Note: (1) Revisions to dividend forecasts made during the quarter under review: Yes
(2) Please see "Announcement regarding Interim Dividend and Revision to Dividend Forecast" announced on today.
(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 the Third Quarter of Fiscal Year 2015 (January 1, 2015 – September 30, 2015)

(Percentage figures represent changes from previous year)

	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)
Third Quarter (9 months)	181,000	8.1	24,800	24.9	21,300	26.8	14,900	16.8	53.59

Note: (1) Revisions to consolidated business forecasts made during the quarter under review: Yes
(2) SUMCO discloses forecasts for the forthcoming quarter only. Please see "(2) Explanation of Business Forecasts" on page 2 of Supplementary Materials.

* 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: Yes
[2] Changes in accounting policies other than [1]: No
[3] Changes in accounting estimates: No
[4] Corrections of prior-period errors: No
(Note) Please see "(1) Changes in Accounting Policies, Changes in Accounting Estimates and Corrections of Prior-Periods Errors" on page 3 of Supplementary Materials.

(4) Number of issued shares (common stock)
[1] Issued shares as of the end of period (including treasury stock):
293,285,539 shares as of the end of second quarter of FY2015; 257,751,739 shares as of the end of FY2014
[2] Treasury stock as of the end of period:
6,506 shares as of the end of second quarter of FY2015; 6,246 shares as of the end of FY2014
[3] Average number of shares during period (fiscal year-to-date):
270,253,877 shares during the second quarter of FY2015; 257,745,872 shares during the second quarter of FY2014

* 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 "(2) Explanation of Business Forecasts" on page 2 of Supplementary Materials.

Quarterly results briefing for institutional investors and security analysts are scheduled on August 6, 2015. 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)
FY2014	—	—	—	2,500,000,000	2,500,000,000
FY2015	—	—			
FY2015 (Forecast)			—	—	—

(Note) SUMCO has acquired and cancelled all class A shares on May 11, 2015, so dividend for class A shares will not be paid from FY2015.

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1. Qualitative Information for the First Quarter of Fiscal Year 2015

(1) Explanation of Business Results

During the second quarter of fiscal year 2015 (April 1, 2015, to June 30, 2015), demand for 300 mm silicon wafers remained strong, despite the impact of the decline in PC sales volume. This was driven by expanded data center demand and by smartphone functional advances and sales volume growth. Demand for small-diameter wafers of 200 mm or less was solid overall, as demand for automobile and consumer remained firm.

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. The Group has also reinforced its financial base and realized a more flexible management structure by implementing its Capital Increase and Restructuring Plan.

As a result, for the period under review, the Group registered consolidated net sales of 123,074 million yen, operating income of 18,350 million yen, ordinary income of 15,339 million yen and net income of 10,913 million yen.

(2) Explanation of Business Forecasts

For the quarter ending on September 30, 2015, we expect that 300 mm silicon wafers will enter a temporary correction phase, affected by the decline in PC sales volume as well as quantity adjustment in smartphones. 200 mm wafers should remain firm overall despite the impact of a slight seasonal correction, while demand for 150 mm wafers is expected to continue declining.

In this market environment, the Group will continue to pursue the development of cutting-edge technologies and to strengthen its profit base through cost rationalization.

It is difficult for the SUMCO Group to formulate reasonable business forecasts for the full-year, since the semiconductor industry to which the SUMCO Group belongs is characterized by drastic and short-term changes in the business environment. Therefore, SUMCO has adopted the policy of disclosing business forecasts for the forthcoming quarter only.

SUMCO announces its consolidated business forecasts for the third quarter of fiscal year 2015 as follows.

Consolidated Business Forecasts for the Third Quarter of fiscal year 2015 (Jan. 1, 2015 – Sep. 30, 2015)

	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)	181,000	24,800	21,300	14,900	53.59
Changes (B-A)	—	—	—	—	—
Rate of changes (%)	—	—	—	—	—
(Reference) Results for 3Q-FY2014 (9 months)	167,455	19,850	16,798	12,751	46.21

(Notes) (1) 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) The above forecasts for the third quarter of fiscal year 2015 (July 1, 2015 – September 30, 2015) was made assuming translation rates of one U.S. dollar to 123 yen.

2. Matters regarding Summary Information (Notes)

(1) Changes in Accounting Policies, Changes in Accounting Estimates and Corrections of Prior-Period Errors

Changes in Accounting Policies

(Adoption of Accounting Standard for Retirement Benefits)

We have adopted "Accounting Standard for Retirement Benefits" (Corporate Accounting Standards No. 26 of May 17, 2012, hereinafter referred to as "Retirement Benefits Accounting Standards") and "Implementation Guidance on Accounting Standard for Retirement Benefits" (Corporate Accounting Standard No. 25 of March 26, 2015, hereinafter referred to as "Implementation Guidance on Retirement Benefits") in the consolidated first quarter under the previous stipulated in the texts of the Section 35 of the Retirement Benefits Accounting Standards and of the Section 67 of the Implementation Guidance on Retirement Benefits: we have revised the accounting method for retirement benefit obligations and service cost, and have changed our method of attributing projected retirement benefits from a straight-line basis to a benefit formula basis along with changing the method of discount determination to a method that uses single-weighted average discount rate reflecting the estimated timing and amounts, either than the discount rate based on the average remaining year of service.

To apply the Retirement Benefits Accounting Standards, We comply with the transitional handling stipulated in the Section 37 of Retirement Benefits Accounting Standards, and effect of the revision of the method for calculation of retirement benefit obligations and service cost, financial effects are added to or subtracted from retained earnings at the beginning of this consolidated first quarter.

As the result, net defined benefit liability decreased by 2,896 million yen while retained earnings increased by 2,896 million yen as of the beginning of this consolidated first quarter. Please take note that the expected effect this change has on our operating income, ordinary income and income before income taxes during this consolidated second quarter (January 1, 2015 - June 30, 2015), is negligible.

3. Consolidated Financial Statements

(1) Consolidated Balance Sheet

(millions of yen)

	End of FY2014 (December 31, 2014)	End of 2Q of FY2015 (June 30, 2015)
Assets		
Current assets		
Cash and time deposits	42,016	45,342
Notes and accounts receivable – trade	42,522	45,336
Marketable securities	23,700	6,100
Finished products	15,204	16,223
Work in process	13,600	13,837
Raw materials and supplies	121,999	127,623
Other	6,751	7,239
Allowance for doubtful accounts	(8)	(11)
Total current assets	265,787	261,690
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	88,457	86,082
Machinery, equipment and vehicles, net	51,709	53,834
Land	20,321	20,323
Construction in progress	7,710	5,221
Other, net	826	834
Total property, plant and equipment	169,025	166,296
Intangible assets		
Goodwill	11,915	11,086
Other	2,736	2,925
Total intangible assets	14,651	14,012
Investments and other assets		
Investment securities	81	81
Long-term advance payments	50,814	48,772
Deferred income tax assets	5,092	4,394
Other	5,502	5,303
Allowance for doubtful accounts	(385)	(388)
Total investments and other assets	61,105	58,163
Total non-current assets	244,783	238,471
Total assets	510,570	500,162

(millions of yen)

	End of FY2014 (December 31, 2014)	End of 2Q of FY2015 (June 30, 2015)
Liabilities		
Current liabilities		
Notes and accounts payable – trade	29,602	27,635
Short-term borrowings	65,673	57,345
Current portion of long-term lease obligations	954	1,224
Accrued income taxes	1,060	1,495
Reserve for bonuses	951	565
Other	14,313	14,651
Total current liabilities	112,556	102,917
Long-term liabilities		
Long-term debt	151,658	127,223
Long-term lease obligations	2,749	3,415
Net defined benefit liability	21,677	19,239
Other	5,203	4,837
Total long-term liabilities	181,288	154,716
Total liabilities	293,845	257,633
Equity		
Shareholders' equity		
Capital stock	136,607	138,718
Capital surplus	15,676	23,384
Retained earnings	30,946	42,600
Treasury stock	(10)	(10)
Total shareholders' equity	183,220	204,693
Accumulated other comprehensive income (loss)		
Net unrealized gain on available-for-sale securities	0	0
Deferred loss on derivatives under hedge accounting	(1)	(0)
Land revaluation surplus	2,670	2,816
Foreign currency translation adjustments	2,600	4,515
Remeasurements of defined benefit plans	(3,488)	(3,290)
Total accumulated other comprehensive income	1,781	4,040
Minority interests	31,723	33,794
Total equity	216,725	242,528
Total liabilities and equity	510,570	500,162

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

(Consolidated Statement of Income)

(millions of yen)

	2Q of FY2014 (January 1, 2014– June 30, 2014)	2Q of FY2015 (January 1, 2015– June 30, 2015)
Net sales	109,022	123,074
Cost of sales	84,931	92,082
Gross profit	24,090	30,991
Selling, general and administrative expenses	11,483	12,641
Operating income	12,607	18,350
Non-operating income		
Interest income	17	47
Environmental measures reserve fund return	—	55
Other	259	145
Total non-operating income	276	248
Non-operating expenses		
Interest expense	1,848	1,720
Other	682	1,539
Total non-operating expenses	2,530	3,259
Ordinary income	10,353	15,339
Income before income taxes and minority interests	10,353	15,339
Income taxes	1,326	2,357
Net income before minority interests	9,026	12,982
Minority interests	1,203	2,068
Net income	7,823	10,913

(Consolidated Statement of Comprehensive Income)

(millions of yen)

	2Q of FY2014 (January 1, 2014– June 30, 2014)	2Q of FY2015 (January 1, 2015– June 30, 2015)
Net income before minority interests	9,026	12,982
Other comprehensive income		
Net unrealized gain (loss) on available-for-sale securities	(0)	0
Deferred gain (loss) on derivatives under hedge accounting	(2)	0
Revaluation reserve for land	—	145
Foreign currency translation adjustments	(2,721)	3,493
Remeasurements of defined plans, net of tax	26	196
Total other comprehensive income (loss)	(2,697)	3,835
Comprehensive income	6,329	16,817
Total comprehensive income attributable to:		
Owners of the parent	6,111	13,172
Minority interests	218	3,645

(3) Notes on Consolidated Financial Statements

(Notes regarding Going Concern Assumption)

Not applicable

(Notes regarding Significant Changes in Shareholders' Equity)

1. Reduction in the Amount of Capital Reserve

On April 14, the Company, pursuant to the provisions of Article 448, Paragraph 1 of the Companies Act, has implemented the reduction in the amount of capital reserve and transferred such amount to other capital surplus.

- Amount of capital reserve to be decreased: 9,000,000,000 yen
- Amount of other capital surplus to be increased: 9,000,000,000 yen

2. Issuance of New Shares and Reduction in the Amount of Capital Stock and Capital Reserve Concurrently with the Issuance of New Shares

(1) Issuance of New Shares

The Company has resolved, at the board of directors meeting held on April 2, 2015, to issue the common stock and issued 33,903,800 shares on April 27, 2015.

- Amount of capital stock to be increased: 30,638,864,060 yen
- Amount of capital reserve to be increased: 30,638,864,060 yen

(2) Reduction in the Amount of Capital Stock and Capital Reserve Concurrently with the Issuance of New Shares

The Company, pursuant to the provisions of Article 447, Paragraphs 1 and 3 and Article 448, Paragraphs 1 and 3 of the Companies Act, has implemented the reduction in the amount of capital stock and capital reserve concurrently with the payment of issuance of new shares described above (1).

- Amount of capital stock to be decreased: 30,000,000,000 yen
- Amount of capital reserve to be decreased: 30,000,000,000 yen
- Amount of other capital surplus to be increased: 60,000,000,000 yen

3. Acquisition of Treasury Stock (Class A Stock and Class B Stock)

(1) Acquisition of Class A Stock

On May 11, 2015, the Company, pursuant to the provisions of Article 167 of the Companies Act, has acquired all class A stocks by cash and class B stocks.

- Total amount of cash paid: 45,403,767,123 yen

(2) Acquisition of Class B Stock

On the same day of the acquisition of class A stocks described above (1), the Company, pursuant to the provisions of Article 156, Paragraph 1 of the Companies Act, has acquired all class B stocks by cash.

- Total amount of cash paid: 9,000,000,000 yen

4. Cancellation of Treasury Stock

The Company, pursuant to the provisions of Article 178 of the Companies Act, has resolved cancellation of treasury stock of all class stock described above 3 at the board of directors meeting held on April 2, 2015, and implemented it on May 11, 2015.

- Amount of other capital surplus to be decreased: 54,403,767,123 yen
- Amount of treasury stock to be decreased: 54,403,767,123 yen

5. Issuance of New Shares by way of third-party allotment

The Company has resolved, at the board of directors meeting held on April 2, 2015, to issue the common stock and issued 1,630,000 shares on May 25, 2015.

- Amount of capital stock to be increased: 1,473,031,000 yen
- Amount of capital reserve to be increased: 1,473,031,000 yen

As a result of these developments, in the second quarter of fiscal year 2015, capital stock increased by 2,111 million yen, to 138,718 million yen as of the end of the quarter. At the same time, capital reserve decreased by 6,888 million yen while other capital surplus increased by 14,596 million yen, with the result that capital surplus rose by 7,708 million yen, to 23,384 million yen as of the end of the quarter.