



(TRANSLATION)

This brief statements on the FY2008 (Ended January 31, 2009) is released pursuant to the requirements under the listing rules of, and reported to, the Tokyo Stock Exchange.

Brief Statement of Consolidated Financial Results for and at the End of the Fiscal Year 2008 (ended January 31, 2009)

Forward Looking Statement

The statements and figures contained in this Brief Statement of Consolidated Financial Results for and at the end of the FY 2008 for the fiscal year ended January 31, 2009 (the "Brief Statement") with respect to SUMCO's plans and strategies and other statements that are not historical facts but are forward-looking statements about the future performance of SUMCO are based on management's assumptions and beliefs in light of the information currently available to it and involve risks and uncertainties. Actual results may differ from those in the forward-looking statements as a result of various facts. Potential risks and uncertainties include, without limitation, general economic conditions in SUMCO's market, semiconductor device industry and other factors which may affect the financial position and results of operations of SUMCO in future.

Financial Summary for Fiscal Year 2008 (Ended January 31, 2009)

March 6, 2009

Company name: SUMCO CORPORATION

Listed on: First Section of the Tokyo Stock Exchange

Code Number: 3436

URL: <http://www.sumcosi.com/>

Representative: Title and name: President, Kenjiro Shigematsu

Contact person: Title and name: Public Relations & IR Department General Manager, Hiroshi Shibuya

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Scheduled date of ordinary general meeting of shareholders: April 28, 2009

Scheduled date of commencement of dividend payment: April 30, 2009

Scheduled date of filing of annual security report: April 28, 2009

1. Consolidated Business Results for Fiscal Year ended January 31, 2009 (February 1, 2008-January 31, 2009)

(1) Consolidated Business Results

(% indicates year to year comparison)

| | Net Sales | | Operating Profit | | Ordinary Profit | | Net Income | |
|---------------------|-------------|-------|------------------|-------|-----------------|-------|-------------|-------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| YE January 31, 2009 | 391,928 | -17.5 | 45,069 | -67.9 | 39,371 | -70.4 | 18,886 | -74.8 |
| YE January 31, 2008 | 474,951 | 48.7 | 140,385 | 66.4 | 133,028 | 75.4 | 74,879 | 3.9 |

(Rounded down to the nearest million yen.)

| | Net Income per Share | | Diluted Net Income per Share | | Net Income as a Percentage of Shareholders' Equity | Ordinary Profit as a Percentage of Total Assets | Operating Profit as a Percentage of Net Sales |
|---------------------|----------------------|-----|------------------------------|-----|--|---|---|
| | Yen | Sen | Yen | Sen | % | % | % |
| YE January 31, 2009 | 74.36 | — | — | — | 5.2 | 5.5 | 11.5 |
| YE January 31, 2008 | 294.34 | — | — | — | 23.0 | 20.6 | 29.6 |

(Reference) Investment loss/profit on equity method YE January 31, 2009 –million yen YE January 31, 2008 –million yen

(2) Financial Position (Consolidated)

| | Total Assets | Net Assets | Shareholders' Equity Ratio | Net Assets per Share |
|---------------------|--------------|-------------|----------------------------|----------------------|
| | Million yen | Million yen | % | Yen Sen |
| YE January 31, 2009 | 733,897 | 389,521 | 49.8 | 1,419.24 |
| YE January 31, 2008 | 710,495 | 415,510 | 50.5 | 1,409.59 |

(Reference) Shareholders' Equity: YE January 31, 2009 365,807 million yen YE January 31, 2008 358,597 million yen

(3) Cash Flow (Consolidated)

| | Operating Activities | Investment Activities | Financing Activities | Cash and Cash Equivalent at the end of the period |
|---------------------|----------------------|-----------------------|----------------------|---|
| | Million yen | Million yen | Million yen | Million yen |
| YE January 31, 2009 | 93,334 | -147,584 | 51,211 | 52,955 |
| YE January 31, 2008 | 188,516 | -149,230 | -18,705 | 57,755 |

2. Status of Dividend Distribution

| (Record Date) | Per-share Dividends | | | | | Total Dividend (Annual) | Dividend Payout Ratio (consolidated) | Dividend as a Percentage of Net Assets (consolidated) |
|--------------------------------|---------------------|---------|---------------|----------|---------|-------------------------|--------------------------------------|---|
| | First quarter | Interim | Third quarter | Year-end | Annual | | | |
| | Yen Sen | Yen Sen | Yen Sen | Yen Sen | Yen Sen | Million yen | % | % |
| YE January 31, 2008 | — | 27.50 | — | 27.50 | 55.00 | 13,991 | 18.7 | 4.3 |
| YE January 31, 2009 | — | 27.50 | — | 12.50 | 40.00 | 10,309 | 53.8 | 2.8 |
| YE January 31, 2010 (Forecast) | — | — | — | — | — | | — | |

(Note) Dividend per share for the fiscal year ending January 2010 is uncertain as of the present time.

3. Forecast for Consolidated Business Results for FY 2009 (February 1, 2009-January 31, 2010)

(% indicates year to year comparison)

| | Net Sales | | Operating Profit | | Ordinary Profit | | Net Income | | Net Income per Share | |
|----------------|-------------|---|------------------|---|-----------------|---|-------------|---|----------------------|-----|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen | Sen |
| Interim Period | 85,000 | — | -58,000 | — | -60,000 | — | -37,000 | — | -143.55 | |
| Full year | — | — | — | — | — | — | — | — | — | |

(Note) The full-year results forecasts for the period are uncertain as of the present time.

4. Others

(1) Changes in important subsidiaries during the fiscal year (changes in particular subsidiaries involving modifications to the scope of consolidation) No

(2) Modifications to principles, procedures, representations, etc., of accounting concerning arrangement of consolidated financial statements (those described in 'Modifications to important matters forming the basis of arrangement of consolidated financial statements')

[1] Modifications associated with revisions of accounting standards and the like No

[2] Modifications other than [1] Yes

(Note) For details, please refer to page 18, 'Changes in basic matters of importance for preparing consolidated financial statements.'

(3) Number of issued shares (Common Stock)

[1] Number of issued shares at end of fiscal year (including treasury stock): 257,751,739 shares for the fiscal year 2008, ended January 31, 2009 and 254,400,000 shares for the fiscal year 2007 ended January 31, 2008

[2] Number of treasury stock at end of fiscal year: 3,113 shares for the fiscal year 2008, ended January 31, 2009 and 693 shares for the fiscal year 2007, ended January 31, 2008

(Note) For the number of shares forming the basis of calculation of the current fiscal year (consolidated), please refer to page 34 'Per-share Information'.

(Reference) Summary of non-consolidated business performance

1. Non Consolidated Business Results for Fiscal Year 2008, ended January 31, 2009 (February 1, 2008-January 31, 2009)

(1) Non Consolidated Business Results

(% indicates year-to-year comparison)

| | Net Sales | | Operating Profit | | Ordinary Profit | | Net Income | |
|---------------------|-------------|-------|------------------|-------|-----------------|-------|-------------|-------|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | |
| YE January 31, 2009 | 283,265 | -11.7 | 27,273 | -72.5 | 23,897 | -74.9 | 13,318 | -76.4 |
| YE January 31, 2008 | 320,932 | 26.5 | 99,084 | 42.9 | 95,372 | 51.3 | 56,543 | -11.8 |

| | Net Income per Share | | Diluted Net Income per Share | |
|---------------------|----------------------|-----|------------------------------|-----|
| | Yen | Sen | Yen | Sen |
| YE January 31, 2009 | 52.44 | | — | |
| YE January 31, 2008 | 222.26 | | — | |

(Note) The common stock of the Company was split two for one effective on February 1, 2007.

(2) Financial Position

| | Total Assets | Net Assets | Shareholders' Equity Ratio | Net Assets per Share | |
|---------------------|--------------|-------------|----------------------------|----------------------|-----|
| | Million yen | Million yen | % | Yen | Sen |
| YE January 31, 2009 | 639,663 | 342,288 | 53.5 | 1,327.99 | |
| YE January 31, 2008 | 512,807 | 332,078 | 64.8 | 1,305.34 | |

(Reference) Shareholders' Equity: YE January 31, 2009 342,288 million yen YE January 31, 2008 332,078 million yen

(Note) On August 1, 2008, we split SUMCO TECHXIV CORPORATION, our consolidated subsidiary, taking over and absorbing its Sales & Marketing divisions into our own company. Accordingly, our non-consolidated net sales for the fiscal year ended January 2009 include net sales which were previously recorded by SUMCO TECHXIV CORPORATION from August 1, 2008 onwards.

We are not announcing non-consolidated results forecasts for the fiscal year ending January, 2010, as we judge them to be information of little significance for investment decisions.

※Explanation regarding appropriate use of results forecasts and other special instructions

Full-year results forecasts for the fiscal year ending Jan 2010 are uncertain as of the present time because prevailing conditions make it difficult to forecast results for the second half. We will announce our full-year results forecasts as soon as we are in a position to do so. (For more information about the above forecasts, please refer to page 4 "Outlook for the next fiscal year" in the "Business Results" section.)

Dividend per share for the fiscal year ending Jan 2010 is also yet to be determined because the full-year results forecasts for the period are uncertain as of the present time. We will announce our dividend forecast as soon as we are in a position to do so. (For more information about dividends, please refer to page 5 "Basic policy on profit distribution and dividends for the current term and the next term" in the "Business Results" section). Results 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 projected in the forward-looking statements as a result of various factors.

1. Business Results

(1) Analysis of Business Results

① Business results for the current fiscal year

Until the end of last summer, the silicon wafer market grew steadily, driven by 300mm wafer demand, and the SUMCO Group's results we and the SUMCO Group's results for the first six months of the fiscal year continued to grow steadily . However, from last September, the world economy slowed sharply. The semiconductor market saw an abrupt fall off in demand reflecting the economic downturn, and client device makers entered a drastic production adjustment phase at an unprecedented pace, cutting production, adjusting inventory levels and delaying capital investment. Linked with the semi-conductor market, silicon wafer demand entered the severest adjustment phase ever experienced, and as a result the SUMCO Group's results significantly deteriorated.

In this business environment, the SUMCO Group took steps to maintain earnings, scaling back capital investment, overhauling its operation structure and cutting labor costs and other expenses.

In the area of silicon wafers for use in solar energy cells, although demand is currently a little slack due to the state of the world economy, we pushed ahead with the construction of our new plant as planned, in anticipation of future expansion in demand.

As a result, for the current period the SUMCO Group achieved consolidated net sales of 391,928 million yen (decrease of 17.5% from the previous period), consolidated operating profit of 45,069 million yen (decrease of 67.9% from the previous period), consolidated ordinary profit of 39,371 million yen (decrease of 70.4% from the previous period) and consolidated net income of 18,886 million yen (decrease of 74.8% from the previous period).

② Segment results by business type

As the SUMCO Group concentrates on producing the "high-purity silicon", this section is not applicable to our situation.

Business results by geographic segments are as follows:

[1] Japan

Domestically, net sales reached 403,360 million yen (decrease of 11.8% from the previous fiscal year) and operating profit was 49,045 million yen (decrease of 63.5% from the previous fiscal year).

[2] North America

Net sales in the U.S.A reached 58,508 million yen (decrease of 24.4% from the previous fiscal year) and operating profit was 1,884 million yen (decrease of 70.3% from the previous fiscal year).

[3] Asia

In Asia, net sales reached 45,087 million yen (increase of 4.4% over the previous fiscal year) while operating profit was 4,162 million yen (decrease of 62.1% from the previous fiscal year).

[4] Europe

Net sales in Europe reached 19,983 million yen (decrease of 26.3% from the previous fiscal year), with an operating loss of 249 million yen.

③ Outlook for the next fiscal year

In the first quarter, the silicon wafer market is expected to bottom out, though conditions will remain difficult as in the previous quarter. In the second quarter, the end of the inventory adjustments by semiconductor device makers will be in sight and silicon wafer demand is expected to recover gently. However, the industry will not be able to pull itself out of the doldrums during the first half and we do not expect demand to regain the level seen in the second half of the preceding fiscal year.

On the other hand, in the second half, the silicon wafer market is likely to be back on the recovery path, given that positives such as the effects of fiscal spending worldwide, a rebound in consumer sentiment and corporate efforts in the industrial sector are expected to emerge, and an increase in demand for products incorporating semiconductors, particularly in the run-up to the year-end sales, can be expected. However, because of the worldwide economic instability, we are in no position to make predictions or to forecast the timing or the level of the recovery in demand.

In the light of the outlook described above, our full-year results forecasts for the fiscal year ending Jan 2010 are uncertain at the time of this results announcement, as we judge it to be extremely difficult to calculate appropriate full-year forecasts at the present time.

(2) Analysis of Financial Position

① Analysis of situation of assets, liabilities, net assets and cash flows

As for assets at the end of the current period, there was an increase of 23,402 million yen from the end of the previous fiscal year to 733,897 million yen. The main contributing factors to this change were a decrease in notes receivable and accounts receivable of 42,937 million yen and on the other hand, an increase in tangible fixed assets of 35,312 million yen due chiefly to an expansion in production capacity for 300 mm wafers, an increase in goodwill of 9,857 million yen owing principally to the acquisition of SUMCO TECHXIV CORPORATION as a wholly owned subsidiary, and an increase in Investments and Other Assets of 13,543 million yen largely owing to advance payments under long-term supply contracts for raw materials.

As for liabilities, there was an increase of 49,391 million yen from the end of the previous fiscal year to 344,375 million yen. The main contributing factors to this change were a decrease in income taxes payable, etc., of 35,841 million yen and on the other hand, an increase in short-term borrowings of 28,797 million yen and an increase in long-term borrowings of 59,382 million yen.

Regarding net assets, there was a decrease of 25,989million yen over the end of the previous fiscal year to 389,521 million yen. The main contributing factors to this decrease were an increase in the capital surplus of 10,981million yen, reflecting the issuing of new shares as SUMCO TECHXIV CORPORATION became a wholly owned subsidiary through a share exchange and a decrease in

minority interests of 33,199 million yen as a result of this transaction.

Cash and cash equivalents at the end of the current period decreased by 4,800 million yen over the figure for the end of the previous fiscal year to 52,955 million yen. The decrease reflects the fact that net cash provided by operating activities was 93,334 million yen, net cash used in investing activities was 147,584 million yen, and net cash provided by financing activities was 147,584 million yen. The situations for each type of cash flow and contributing factors are as follows.

(Cash flow from operating activities)

Net cash provided by operating activities for the current period decreased by 95,182 million yen over the previous period to 93,334 million yen. The main contributing factors were a decrease in income before net income taxes and interests, offsetting increased cash associated with a decrease in accounts receivables and an increase in corporate income tax, etc. paid, and on the other hand, a decrease in accounts receivables.

(Cash flow from investing activities)

Net cash used in investing activities for the current period was 147,584 million yen due to an increase in expenditures of 1,646 million yen over the previous period. The main reason for the result was the increased acquisition of tangible and intangible fixed assets.

(Cash flow from financing activities)

Net cash provided by financing activities for the current period was 51,211 million yen, reflecting an increase in long-term borrowings which offset disbursement for the acquisition of treasury stock.

Trends in cash flow indices for the SUMCO Group are as follows

| | FY ended January 31, 2005 | FY ended January 31, 2006 | FY ended January 31, 2007 | FY ended January 31, 2008 | FY ended January 31, 2009 |
|---|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Equity ratio (%) | 25.3 | 45.9 | 50.5 | 50.5 | 49.8 |
| Market-value based equity ratio (%) | — | 215.6 | 191.6 | 83.2 | 41.9 |
| Cash flow to interest- bearing debt ratio (Yr) | 3.7 | 2.0 | 1.6 | 0.6 | 2.2 |
| Interest coverage ratio (Times) | 12.3 | 17.7 | 26.1 | 69.2 | 47.2 |

Shareholders' equity ratio: shareholders' equity/total assets

Market value-based shareholders' equity ratio: total market value of shares/total assets

Cash flow to interest-bearing debt ratio: interest-bearing debt/cash flow

Interest coverage ratio: cash flow /interest paid

(Note 1) All figures are calculated using consolidation-based financial numerical values.

(Note 2) Total market value of shares was calculated using the number of outstanding shares excluding treasury stock.

(Note 3) Cash flows from operating activities are referred to as "cash flows".

(Note 4) Interest-bearing debts cover all debts out of liabilities posted in consolidated balance sheets that are subject to interest payment.

(3) Basic policy on profit distribution and dividends for the current term

SUMCO's basic policy on distribution of surplus is determined through overall consideration of profit levels for respective fiscal years, outlook for subsequent terms, financial requirements for capital investments, status of internal reserves and others.

The year-end dividend for the current period has been set at 12.50 yen per share, reflecting the deterioration in results for the second half and the first half of the following fiscal year, and will be proposed at the ordinary general meeting of shareholders to be held on April 28 this year.

The interim dividend and the year-end dividend for the fiscal year ending January 2010 are uncertain as of the present time because the full-year results forecasts for the period are yet to be determined for the reasons explained in "(1) Analysis of Business Results ③Outlook for the next fiscal year" above. We will announce the interim dividend forecast by the middle of July this year.

(4) Business Risk

The following is a discussion of the major factors thought to have an impact on the business and business results of the SUMCO Group. Cognizant of the potential risks described below, the SUMCO Group takes steps to prevent these risks from materializing and to respond promptly when problems arise.

Forward-looking statements contained in the following text are based upon assessments made as of the date of publication and involve uncertainties. Actual results may differ from those projected in the forward-looking statements.

① Business environment

The SUMCO Group may be affected by the characteristics of the semiconductor and related industries because it manufactures and sells silicon wafers used for semiconductor substrates. Industrial factors that might impact on the business results of the SUMCO Group include a sudden downturn in the semiconductor market, rapid progress of technical innovations in the semiconductor and related industries, the rapid obsolescence of products, a sudden change in product lineup, decline in product prices, overconcentration of transactions with a specific client and drastic fluctuation in orders received from any such specific client, a change in the Group's competitiveness as a result of a shift in competitive advantage over rivals, and a dramatic swing in customer demand. The SUMCO Group was formed by the integration of silicon wafer divisions at Sumitomo Metal Industries Ltd. and Mitsubishi Materials Group, and these two companies are still SUMCO's main shareholders. The SUMCO Group might be affected in the future by a change in its relationship with these two companies.

② Products of the SUMCO Group

The products offered by the SUMCO Group are used to manufacture semiconductors. Prices of semiconductors generally trend downward following a product launch, reflecting expansion in sales volume resulting from more widespread use. The SUMCO Group formulates its business projections based upon the assumption of decline in product prices offset by expansion in sales volume through a move into mass production and rationalization efforts in areas such as the manufacturing process, including enhancement of yield ratio, but in the event that a sudden market downturn or other factor caused selling prices to fall more sharply than anticipated, the SUMCO Group's business results might be affected. Besides the foregoing, quality non-compliance (more specifically, the risk that products delivered to customers by the SUMCO Group fail to meet or are non-compliant with customer requirements, specifications or other standards, giving rise to a major quality claim) and the failure to achieve productivity improvements (more specifically, the risk that failure to achieve continuous improvement in production efficiency squeezes profits, or that a breakdown of production equipment or other factor causes production to be suspended or significantly delayed, diminishing the SUMCO Group's overall production capacity or making it difficult to supply specific products) might impact on the SUMCO Group's performance and financial position.

③ Concerning stable procurement of raw materials and key manufacturing equipment and fluctuation in procurement prices

The SUMCO Group has entered into long-term contracts with the affiliates of its main shareholders and other leading manufacturers of polycrystalline silicon to ensure the stable procurement of raw materials for its future operations, including its plans to boost 300mm wafer output and increased production of silicon wafers using in solar energy cells, but in the event that future demand for polycrystalline silicon wafers greatly exceeds the available supply capacity, prices will rise and the stable procurement of polycrystalline silicon might also become difficult. Also, some of SUMCO's key manufacturing equipment such as the double-sided polishing machine co-developed by SUMCO and an affiliate of Sumitomo Metal Industries Ltd. cannot be sourced from elsewhere. If it were difficult to procure such equipment, the SUMCO Group's business results might be affected.

④ Risk regarding customers and suppliers (business failure, shutdown, etc.)

The SUMCO Group takes all possible steps to control customer credit, but in the event that a customer goes bankrupt and a large amount of receivables become uncollectable, this situation might impact on the SUMCO Group's business results. SUMCO also takes steps to avoid the risk of interruption in the supply of materials by, for example, entering into long-term contracts with more than one manufacturer, but in the event that a supplier shuts down due to equipment breakdown, goes bankrupt or is otherwise prevented from supplying various materials, etc., the SUMCO Group's performance or financial position might be affected

⑤ Capital investment

Previously the SUMCO Group sought to expand its core 300mm wafer business by channeling business resources into this area, but it is now revising its capital investment projection because the sudden economic downturn triggered by the US financial crisis has caused demand for 300mm wafers to fall off dramatically. Demand for 300mm wafers is expected to expand in the medium-to-long term, but in the event that, due to a future change in economic trends or the environment surrounding the semiconductor industry, product demand does not expand as anticipated, or in the event that, on the contrary, demand growth outpaces capital investment or planned construction work, this situation may impact on the SUMCO Group's business and business results.

Also, in the area of silicon wafers for use in solar energy cells, the SUMCO Group is making capital investments in accordance with a long-term contract, and if the economic trend or the environment surrounding the solar energy cell industry were to deteriorate in the future, the SUMCO Group's business, performance and financial position might be affected.

⑥ Technology and R&D

The semiconductor industry is characterized by rapid technological innovation, and customer technical requirements for the silicon wafers provided by the SUMCO Group are wide ranging and ever more sophisticated, including the integration and miniaturization of semiconductors, the diversification and sophistication of semiconductor applications, and improvement of production efficiency. With the aim of expanding its share of the silicon wafer market, the SUMCO Group is involved in R&D activities in strategic areas such as technology related to 300mm wafers, which are expected to show growth in the

medium-to-long term, technology related to high value added wafers such as epitaxial wafers and annealed wafers, and technology related to next-generation wafer products. However, in the event that the SUMCO Group was prevented from adapting to technological advances in the silicon wafer industry, it became difficult to meet customer requirements and R& D activities failed to achieve the envisaged results, this situation might impact on the SUMCO Group's business and business results.

⑦Intellectual property

Recognizing that the acquisition of patents and other intellectual property rights is extremely important to compete with rivals in the silicon wafer industry, the SUMCO Group holds the rights to a large number of patents and patent applications both in Japan and overseas. The Group holds basic patents relating to the manufacture of crystals grown from a larger charge size, low defect crystals and high precision double-sided polishing technology, and also has patents pending for technologies developed from these patents and peripheral technologies. However, in the event that a third party filed an action for injunction and compensation of damages, etc. on the grounds of infringement of a third party patent that the SUMCO Group did not know existed, the SUMCO Group's business and business results might be affected.

⑧Overseas operations

The SUMCO Group is a silicon wafer supplier to the leaders of the global semiconductor industry, with production and sales bases not only in Japan but also in North America, Europe and Asia. The production and sales activities of the SUMCO Group are exposed to foreign exchange rate risk and might also be affected by changes in each country and each region, etc. including changes in the economic situation, political situation, laws and regulations, the tax system and foreign exchange control, and by local conditions including the occurrence of conflict, terrorist attacks and disasters, epidemics, differences in social customs and labor practices, and poor social infrastructure.

⑨Environmental regulations, etc.

The operations of the SUMCO Group, at manufacturing bases and elsewhere, are governed by many laws and regulations in Japan and other countries concerning environmental matters such as exhaust emissions, waste water, the use and storage of hazardous substances, the disposal of industrial waste, and the investigation and clean-up of soil and groundwater contamination, and the SUMCO Group might incur certain expenses or bear an obligation of compensation or other legal responsibility pursuant to such regulations. Also, in recent years, there has been a general tendency towards tighter environmental regulation. The possibility of new environmental laws and regulations being enacted in Japan and other countries in the future cannot be denied, and in this event the SUMCO Group is likely to incur further expenditure to comply with such laws and regulations, which might impact on the SUMCO Group's business and business results.

⑩Risk of natural disasters, accidents, etc.

In the event that an earthquake, typhoon, tidal wave, volcanic activity or other natural disaster or an accident, fire, terrorist attack or other man-made disaster caused an unforeseen situation such as the suspension of production, equipment damage, or the restriction of the water or power supply at one of the SUMCO Group's manufacturing bases, the SUMCO Group's business and business results might be affected.

Particularly if the aforementioned natural disaster, accident, fire or other man-made disaster occurred at a manufacturing base that fabricates 300mm wafers, the SUMCO Group's core product, this situation might prevent the manufacture and sale of 300 mm wafers and might impact on the SUMCO Group's business and business results.

⑪Risk regarding corporate takeover

When undertaking a corporate acquisition, SUMCO endeavors to avoid risk by performing due diligence to understand the financial position and other aspects of the enterprise in question, but if a sudden change in the business environment or other unforeseen situation were to occur, the SUMCO Group's business and business results might be affected

⑫Risks besides the foregoing

If, due to a change in the business environment or other cause, a situation such as the following were to arise, the SUMCO Group's business results and financial position might be affected.

- a. If, due to a drastic change in the business environment, a situation requiring measures such as business reconstruction and restructuring were to arise.
- b. If, with respect to retirement benefit obligations, there were a fall in the market value of SUMCO's pension assets, a decrease in investment return, or a major change in the actuarial assumptions used to calculate retirement benefit obligations.
- c. If, due to deterioration in the economic environment, future earnings estimates were to fluctuate significantly, requiring accounting adjustments.
- d. If, due to a change in the external environment etc., the SUMCO Group were to need more funding than anticipated, or if all the SUMCO Group's obligations under a contract with financial institutions became accelerated, or if, due to factors such as the level of interest rates or market conditions, the SUMCO Group were unable to raise funds as desired (timing, conditions).

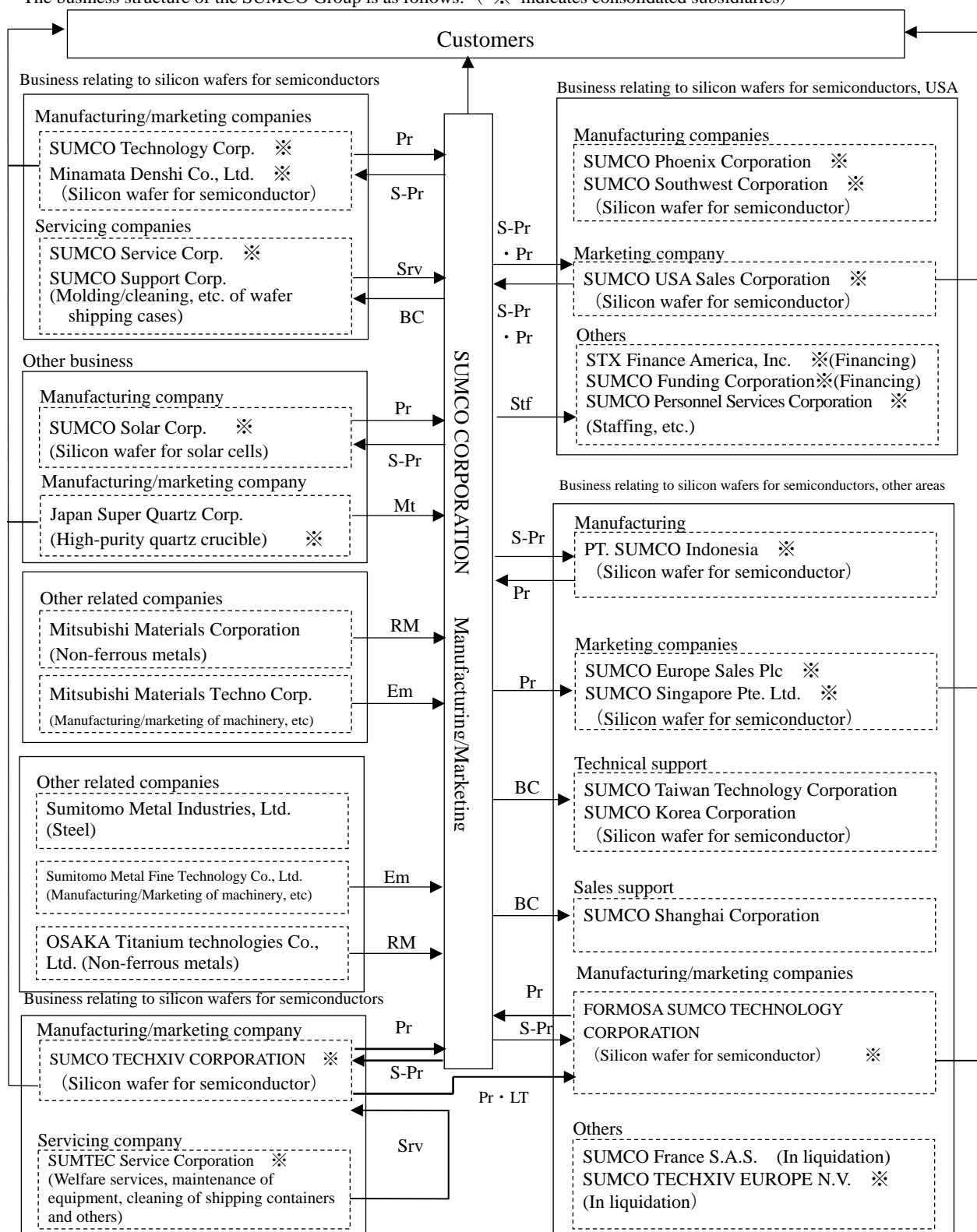
2. Situation of the corporate group

SUMCO has 9 domestic subsidiaries (7 consolidated and 2 unconsolidated), 15 overseas subsidiaries (11 consolidated and 4 unconsolidated). Two other companies related to SUMCO are Sumitomo Metal Industries, Ltd. and Mitsubishi Materials Corporation. SUMCO belongs to each group of these two companies.

SUMCO and its subsidiaries (the "SUMCO Group") conduct business that relates solely to "high-purity silicon". It is largely divided into two areas: "business relating to silicon wafers for semiconductors" (which includes the manufacturing and marketing of silicon wafers for semiconductor manufacturers) and "other business" (which involves the manufacturing and marketing of silicon wafers for solar cell, and the manufacturing and marketing of high-purity quartz crucibles used for the production of silicon wafers).

[Business Structure]

The business structure of the SUMCO Group is as follows: (※ indicates consolidated subsidiaries)



Pr=product, S-Pr=semi-finished product, Srv=service, BC=business consignment, Str=storage, RM=raw materials Em=equipment, Stf=staffing, LT= licensing of technology, Mt=materials

(Note) SUMCO made a decision to dissolve SUMCO TECHXIV EUROPE N.V. on October 30, 2008

3. Management Policy

(1) Fundamental principles of corporate management

The SUMCO group will continue to contribute to the development of society through the establishment of a stable supply system by optimizing the utilization of our wide-ranging product development and technical capacities to cover from large diameters to small diameters for manufacture of high-quality silicon wafers being used for semiconductor devices. Especially, we shall make efforts to upgrade our technical capabilities to meet our customers' extremely rigorous quality and cost requirements and aim to maintain and enhance our status in the silicon industry.

On the basis of this basic policy, the SUMCO group will aim to further strengthen its operating base to achieve continuous growth in its business, enabling it to respond to the mandate given by stakeholders.

(2) Mid to Long-term Management Strategy

In spite of the recent slump in silicon wafer demand for semiconductors, we shall continue to position 300mm wafers as our core business, aiming to recover our capacity utilization rate primarily through sales expansion, and seizing every opportunity to regain our momentum. Meanwhile, in the business of 200 mm and smaller wafers, in the light of the tendency towards market contraction, we will work to improve profit margins through initiatives such as centralized production and high efficiency operation, and cost-cutting and quality improvement measures.

In addition, in the business of silicon wafers for use in solar cells, given the potential for market expansion, we shall focus on developing this business into the second largest business in the SUMCO Group, bolstering production scale in line with demand.

(3) Issues to be dealt with by SUMCO

From this point forward, the SUMCO Group will steadily implement the following measures.

① Response to business environment

The unprecedented global recession has led to sharply falling demand and a slumping market for semiconductors and silicon wafers.

In this difficult business environment, the SUMCO Group will implement a raft of restructuring measures that will enable it to generate profits from its 300mm wafer business, improving the efficiency of its manufacturing operations through centralized production and temporary shutdowns, reducing inventories and cutting costs, in addition to temporarily freezing expansionary investment and also scaling back capital investments where possible. Meanwhile, in the business of the silicon wafers for use in solar energy cells, we will start up our new plant, currently under construction in Imari City, Saga Prefecture, as planned, while closely watching market trends and the evolution of customer demand.

② Further strengthening of the SUMCO group management system

The SUMCO Group has undergone reorganization in pursuit of further integration. SUMCO CORPORATION made SUMCO TECHXIV CORPORATION into a wholly owned subsidiary and then split SUMCO TECHXIV CORPORATION, taking over and absorbing its Sales & Technology divisions into itself and positioning SUMCO TECHXIV CORPORATION as a manufacturing subsidiary. From this point forward, the SUMCO Group shall utilize management resources in an even more effective manner and achieve maximization of corporate value, including research and development of next-generation silicon wafers through integrated technology functions in Imari.

③ Avoidance of risks associated with business continuity

The SUMCO group has been implementing necessary measures, such as realignment of organizational systems and regulations, to insure against risk to general business continuance. We intend to maintain our focus on the creation of a strong and efficient supply chain and uninterrupted continuity of plant operation while also taking measures to minimize the effects of risks arising from natural disasters, accidents and the like.

④ Tightening of corporate governance

The SUMCO group recognizes that tightening of corporate governance is an essential management issue and will implement policies and measures to enhance management supervision, ensure effective business execution by directors, and improve group governance. Through implementation of such policies and measures, we will continue to ensure transparency and fairness in timely management decision-making and business execution. We shall also make every effort to ensure timely and appropriate disclosure of information in order to enhance management transparency.

4. Consolidated Financial Statements**(1) Consolidated Balance Sheets**

| Category | Previous Fiscal Year (Year ended January 31, 2008) | | Current Fiscal Year (Year ended January 31, 2009) | | Change From Previous Year End |
|--|---|-----------------------------|--|-----------------------------|----------------------------------|
| | Amount (million yen) | Composition Ratio (%) | Amount (million yen) | Composition Ratio (%) | Amount (million yen) |
| (Assets) | | | | | |
| I Current assets | | | | | |
| 1. Cash and time deposits | 21,255 | | 53,955 | | 32,699 |
| 2. Notes receivable and account receivable | 88,551 | | 45,614 | | -42,937 |
| 3. Securities | 37,500 | | — | | -37,500 |
| 4. Inventories | 74,559 | | 83,544 | | 8,984 |
| 5. Deferred income tax assets | 8,582 | | 7,673 | | -909 |
| 6. Others | 6,341 | | 12,275 | | 5,933 |
| 7. Allowance for doubtful accounts | -89 | | -3,134 | | -3,045 |
| Total current assets | 236,701 | 33.3 | 199,928 | 27.2 | -36,773 |
| II Fixed assets | | | | | |
| 1. Tangible fixed assets | | | | | |
| (1) Buildings and structures | 107,815 | | 125,598 | | 17,782 |
| (2) Machinery and transport equipment | 191,773 | | 195,461 | | 3,687 |
| (3) Land | 21,371 | | 20,574 | | -797 |
| (4) Construction in progress | 78,860 | | 92,869 | | 14,008 |
| (5) Others | 2,205 | | 2,836 | | 631 |
| Total tangible fixed assets | 402,026 | 56.6 | 437,339 | 59.6 | 35,312 |
| 2. Intangible fixed assets | | | | | |
| (1) Goodwill | 30,457 | | 40,315 | | 9,857 |
| (2) Software | 5,373 | | 6,625 | | 1,251 |
| (3) Others | 295 | | 504 | | 209 |
| Total intangible fixed assets | 36,127 | 5.1 | 47,445 | 6.5 | 11,318 |
| 3. Investments and other assets | | | | | |
| (1) Investment securities | 1,574 | | 845 | | -729 |
| (2) Long-term prepaid expenses | 3,463 | | 5,358 | | 1,894 |
| (3) Deferred income tax assets | 14,817 | | 13,982 | | -834 |
| (4) Others | 15,785 | | 28,997 | | 13,211 |
| (5) Allowance for doubtful accounts | -2 | | -1 | | 1 |
| Total investments and other assets | 35,639 | 5.0 | 49,183 | 6.7 | 13,543 |
| Total fixed assets | 473,793 | 66.7 | 533,968 | 72.8 | 60,175 |
| Total assets | 710,495 | 100.0 | 733,897 | 100.0 | 23,402 |

| Category | Previous Fiscal Year (Year ended January 31, 2008) | | Current Fiscal Year (Year ended January 31, 2009) | | Change From Previous Year En |
|--|---|-----------------------------|--|---------------------------------|---------------------------------|
| | Amount (million yen) | Composition Ratio (%) | Amount (million yen) | Compositi on Ratio (%) | Amount (million yen) |
| (Liabilities) | | | | | |
| I Current liabilities | | | | | |
| 1. Notes payable and accounts payable | 38,571 | | 32,908 | | -5,663 |
| 2. Short-term borrowings | 69,315 | | 98,112 | | 28,797 |
| 3. Commercial paper | — | | 8,000 | | 8,000 |
| 4. Lease liabilities | 1,472 | | 1,681 | | 209 |
| 5. Income taxes, etc. payable | 39,890 | | 4,048 | | -35,841 |
| 6. Allowance for employee bonuses | 11,089 | | 5,013 | | -6,076 |
| 7. Allowance for directors' bonuses | 111 | | 28 | | -82 |
| 8. Facilities related notes payable and accounts payable | 53,605 | | 50,127 | | -3,478 |
| 9. Others | 13,527 | | 12,023 | | -1,503 |
| Total current liabilities | 227,581 | 32.0 | 211,944 | 28.9 | -15,637 |
| II Fixed liabilities | | | | | |
| 1. Long-term borrowings | 38,138 | | 97,520 | | 59,382 |
| 2. Lease liabilities | 5,263 | | 2,781 | | -2,482 |
| 3. Deferred income tax liabilities | 196 | | 161 | | -34 |
| 4. Deferred tax liabilities for land evaluation | 1,784 | | 1,784 | | — |
| 5. Allowance for employee retirement benefits | 15,841 | | 16,555 | | 714 |
| 6. Allowance for directors' retirement bonuses | 356 | | 280 | | -76 |
| 7. Others | 5,821 | | 13,347 | | 7,526 |
| Total fixed liabilities | 67,402 | 9.5 | 132,431 | 18.0 | 65,029 |
| Total liabilities | 294,984 | 41.5 | 344,375 | 46.9 | 49,391 |

SUMCO CORPORATION(3436) Financial Summary for FY 2008(Ended January 31, 2009)

| Category | Previous Fiscal Year (Year ended January 31, 2008) | | Current Fiscal Year (Year ended January 31, 2009) | | Change From Previous Year End |
|---|---|-----------------------------|--|-----------------------------|----------------------------------|
| | Amount (million yen) | Composition Ratio (%) | Amount (million yen) | Composition Ratio (%) | Amount (million yen) |
| (Net assets) | | | | | |
| I Shareholders' equity | | | | | |
| 1. Capital | 114,107 | 16.1 | 114,107 | 15.5 | — |
| 2. Capital surplus | 78,310 | 11.0 | 89,291 | 12.2 | 10,981 |
| 3. Retained earnings | 166,246 | 23.4 | 171,186 | 23.3 | 4,939 |
| 4. Treasury stock | -2 | 0.0 | -6 | -0.0 | -3 |
| Total shareholders' equity | 358,661 | 50.5 | 374,578 | 51.0 | 15,917 |
| II Variance of valuation/translation etc | | | | | |
| 1. Net unrealized gain on available-for-sale securities | -37 | 0.0 | -7 | -0.0 | 29 |
| 2. Gains and losses of deferred hedge | -2 | 0.0 | -1 | -0.0 | 0 |
| 3. Revaluation reserve for land | 2,252 | 0.3 | 2,252 | 0.3 | — |
| 4. Foreign currency translation adjustments | -2,276 | -0.3 | -11,014 | -1.5 | -8,737 |
| Total variance of valuation/translation etc. | -63 | 0.0 | -8,770 | -1.2 | -8,707 |
| III Minority interests | 56,913 | 8.0 | 23,713 | 3.3 | -33,199 |
| Total net assets | 415,510 | 58.5 | 389,521 | 53.1 | -25,989 |
| Total liabilities and net assets | 710,495 | 100.0 | 733,897 | 100.0 | 23,402 |

(2) Consolidated Statements of Income

| Category | Previous Fiscal Year (Year ended January 31, 2008) | | Current Fiscal Year (Year ended January 31, 2009) | | Change From Previous Year |
|---|---|-----------------------------|--|-----------------------------|------------------------------|
| | Amount (million yen) | Composition Ratio (%) | Amount (million yen) | Composition Ratio (%) | Amount (million yen) |
| I Net sales | 474,951 | 100.0 | 391,928 | 100.0 | -83,022 |
| II Cost of sales | 287,826 | 60.6 | 306,063 | 78.1 | 18,237 |
| Gross profit | 187,124 | 39.4 | 85,864 | 21.9 | -101,259 |
| III Selling, general and administrative expenses | 46,738 | 9.8 | 40,795 | 10.4 | -5,943 |
| Operating profit | 140,385 | 29.6 | 45,069 | 11.5 | -95,316 |
| IV Non-operating profit | (1,623) | (0.3) | (1,600) | (0.4) | (-23) |
| 1. Interest and dividends income | 329 | | 247 | | -82 |
| 2 Others | 1,293 | | 1,352 | | 59 |
| V Non-operating expense | (8,980) | (1.9) | (7,298) | (1.9) | (-1,681) |
| 1. Interest expense | 2,602 | | 2,417 | | -185 |
| 2. Foreign-exchange loss | 1,959 | | 1,793 | | -165 |
| 3. Loss on revaluation of investments in securities | 1,108 | | 656 | | -452 |
| 4. Others | 3,310 | | 2,431 | | -878 |
| Ordinary profit | 133,028 | 28.0 | 39,371 | 10.0 | -93,657 |
| VI Extraordinary loss | (2,149) | (0.4) | (3,469) | (0.8) | (1,319) |
| 1. Loss on closure of affiliated company | 2,149 | | — | | -2,149 |
| Business restructuring expense | | | 3,469 | | 3,469 |
| Net income before taxes and interest | 130,879 | 27.6 | 35,901 | 9.2 | -94,977 |
| Corporate income tax, local resident tax and business tax | 43,698 | | 13,828 | | -29,870 |
| Adjustment of corporate income tax, etc | -1,105 | | -423 | | 681 |
| Minority interest | 13,406 | | 3,610 | | -9,795 |
| Net income | 74,879 | 15.8 | 18,886 | 4.8 | -55,992 |

(3) Consolidated Statement of Change in net assets

Previous Fiscal Year (From February 1, 2007 to January 31, 2008)

(million yen)

| | Shareholders' Equity | | | | |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|
| | Capital | Capital Surplus | Retained Earnings | Treasury Stock | Total Shareholders' Equity |
| Balance as of January 31, 2007 | 114,107 | 78,310 | 99,115 | 0 | 291,532 |
| Changes during consolidated fiscal year | | | | | |
| Dividends from surplus | | | -10,175 | | -10,175 |
| Net income | | | 74,879 | | 74,879 |
| Gain on change in equity | | | 2,427 | | 2,427 |
| Acquisition of treasury stock | | | | -1 | -1 |
| Changes (net) in items other than shareholders' equity during consolidated fiscal year | | | | | |
| Total changes during consolidated fiscal year | — | — | 67,131 | -1 | 67,129 |
| Balance as of January 31, 2008 (million yen) | 114,107 | 78,310 | 166,246 | -2 | 358,661 |

(million yen)

| | Valuation and Translation Adjustments | | | | | Minority Interests | Total Net Assets |
|--|--|-----------------------------------|-----------------------------|---|---|--------------------|------------------|
| | Net Unrealized Holding Gains on Securities | Deferred Gains or Losses on Hedge | Land Revaluation Difference | Foreign Currency Translation Adjustment | Total Valuation and Translation Adjustments | | |
| Balance as of January 31, 2007 | 49 | -103 | 2,252 | -1,437 | 760 | 35,025 | 327,318 |
| Changes during consolidated fiscal year | | | | | | | |
| Dividends from surplus | | | | | | | -10,175 |
| Net income | | | | | | | 74,879 |
| Gain on change in equity | | | | | | | 2,427 |
| Acquisition of treasury stock | | | | | | | -1 |
| Changes (net) in items other than shareholders' equity during consolidated fiscal year | -86 | 101 | — | -839 | -823 | 21,887 | 21,063 |
| Total changes during consolidated fiscal year | -86 | 101 | — | -839 | -823 | 21,887 | 88,192 |
| Balance as of January 31, 2008 (million yen) | -37 | -2 | 2,252 | -2,276 | -63 | 56,913 | 415,510 |

Current Fiscal Year (From February 1, 2008 to January 31, 2009) (million yen)

| | Shareholders' Equity | | | | |
|--|----------------------|-----------------|-------------------|----------------|----------------------------|
| | Capital | Capital Surplus | Retained Earnings | Treasury Stock | Total Shareholders' Equity |
| Balance as of January 31, 2008 | 114,107 | 78,310 | 166,246 | -2 | 358,661 |
| Changes during consolidated fiscal year | | | | | |
| Dividends from surplus | | | -14,084 | | -14,084 |
| Net income | | | 18,886 | | 18,886 |
| Acquisition of treasury stock | | | | -30,006 | -30,006 |
| Disposal of treasury stock | | 0 | | 0 | 0 |
| Increase(decrease)due to share exchange (Note) | | 10,981 | | 30,002 | 40,984 |
| Increase due to exclusion from scope of consolidation | | | 404 | | 404 |
| Decrease of retained earnings due to early application of ASBJ Practical Issues Task Force No.18 | | | -267 | | -267 |
| Changes (net) in items other than shareholders' equity during consolidated fiscal year | | | | | |
| Total changes during consolidated fiscal year | — | 10,981 | 4,939 | -3 | 15,917 |
| Balance as of January 31, 2009 (million yen) | 114,107 | 89,291 | 171,186 | -6 | 374,578 |

(million yen)

| | Valuation and Translation Adjustments | | | | | Minority Interests | Total Net Assets |
|--|--|-----------------------------------|-----------------------------|---|---|--------------------|------------------|
| | Net Unrealized Holding Gains on Securities | Deferred Gains or Losses on Hedge | Land Revaluation Difference | Foreign Currency Translation Adjustment | Total Valuation and Translation Adjustments | | |
| Balance as of January 31, 2008 | -37 | -2 | 2,252 | -2,276 | -63 | 56,913 | 415,510 |
| Changes during consolidated fiscal year | | | | | | | |
| Dividends from surplus | | | | | | | -14,084 |
| Net income | | | | | | | 18,886 |
| Acquisition of treasury stock | | | | | | | -30,006 |
| Disposal of treasury stock | | | | | | | 0 |
| Increase(decrease)due to share exchange (Note) | | | | | | | 40,984 |
| Increase due to exclusion from scope of consolidation | | | | | | | 404 |
| Decrease of retained earnings due to early application of ASBJ Practical Issues Task Force No.18 | | | | | | | -267 |
| Changes (net) in items other than shareholders' equity during consolidated fiscal year | 29 | 0 | — | -8,737 | -8,707 | -33,199 | -41,906 |
| Total changes during consolidated fiscal year | 29 | 0 | — | -8,737 | -8,707 | -33,199 | -25,989 |
| Balance as of January 31, 2009 (million yen) | -7 | -1 | 2,252 | -11,014 | -8,770 | 23,713 | 389,521 |

(Note) This refers to a share exchange on May 30, 2008, with SUMCO TECHXIV shareholders

(4) Consolidated Statements of Cash Flows

| | Previous Fiscal Year (From February 1, 2007 to January 31, 2008) | Current Fiscal Year (From February 1, 2008 to January 31, 2009) | Change From Previous Year |
|--|--|---|------------------------------|
| Category | Amount (million yen) | Amount (million yen) | Amount (million yen) |
| I Cash flows from operating activities | | | |
| Net income before income taxes and interest | 130,879 | 35,901 | -94,977 |
| Depreciation and amortization | 66,317 | 89,863 | 23,546 |
| Amortization of goodwill | 2,317 | 2,621 | 303 |
| Interest and dividend received | -329 | -247 | 82 |
| Interest paid | 2,602 | 2,417 | -185 |
| Increase or decrease in trade receivables (increase is shown with -) | 2,856 | 39,924 | 37,068 |
| Increase or decrease in inventories (increase is shown with -) | -9,894 | -13,236 | -3,341 |
| Increase or decrease in purchase liabilities (decrease is shown with -) | 4,405 | -1,892 | -6,297 |
| Others | 2,486 | -10,155 | -12,642 |
| Sub total | 201,640 | 145,196 | -56,443 |
| Interest and dividends income | 328 | 248 | -80 |
| Interest paid | -2,724 | -1,977 | 747 |
| Corporate income tax, etc. paid | -10,727 | -50,133 | -39,406 |
| Net cash provided by operating activities | 188,516 | 93,334 | -95,182 |
| II Cash flows from investing activities | | | |
| Expenditure on acquisition of tangible and intangible fixed assets | -148,781 | -146,789 | 1,991 |
| Others | -449 | -795 | -345 |
| Net cash used in investing activities | -149,230 | -147,584 | 1,646 |
| III Cash flows from financing activities | | | |
| Net increase/decrease in short-term borrowings (decrease is shown with -) | -1,892 | 28,660 | 30,552 |
| Net increase/decrease in amount of commercial paper (decrease is shown with -) | — | 8,000 | 8,000 |
| Revenue from long-term borrowings | 4,200 | 85,000 | 80,800 |
| Expenditure on repayment of long-term borrowings | -23,894 | -22,924 | 970 |
| Revenue from sale of property based on capital lease contracts | 1,545 | — | -1,545 |
| Expenditure as payment against lease liabilities | -1,209 | -1,355 | -146 |
| Revenue from capital increase of consolidated subsidiaries | 13,649 | — | -13,649 |
| Expenditure on acquisition of treasury stock | -1 | -30,005 | -30,003 |
| Cash dividend paid | -10,175 | -14,084 | -3,908 |
| Cash dividends paid to minority shareholders | -927 | -2,078 | -1,151 |
| Others | — | 0 | 0 |
| Net cash provided by (used in) financing activities | -18,705 | 51,211 | 69,917 |
| IV Conversion difference of cash and cash equivalents | 170 | -677 | -847 |
| V Increase or (decrease) in cash and cash equivalents (decrease is shown with -) | 20,750 | -3,715 | -24,466 |
| VI Decrease in cash and cash equivalents due to exclusion of a closing company from consolidated accounting | — | -1,084 | -1,084 |
| VII Cash and cash equivalents at beginning of year | 37,005 | 57,755 | 20,750 |
| VIII Cash and cash equivalents at end of period | 57,755 | 52,955 | -4,800 |

Basic Matters of Importance for Preparing Consolidated Financial Statements

1. Scope of consolidation

(1) Number of consolidated subsidiaries: 18

Names of major consolidated subsidiaries

SUMCO TECHXIV CORPORATION
 Japan Super Quartz Corporation
 SUMCO Solar Corporation
 SUMCO Phoenix Corporation
 SUMCO USA Sales Corporation
 SUMCO Europe Sales Plc
 PT. SUMCO Indonesia
 FORMOSA SUMCO TECHNOLOGY CORPORATION

(2) Number of non-consolidated subsidiaries: 6

All of these non-consolidated subsidiaries are exempt, as they are small in scale and none of their total gross assets, sales, net income (amounts proportional to SUMCO's interests) and retained earnings (amounts proportional to SUMCO's interests) will significantly affect the consolidated financial statements.

2. Application of the equity method

We do not have any unconsolidated subsidiary or affiliate company to which the equity method is applied.

The number of unconsolidated subsidiaries and affiliate companies to which the equity method is not applied is six. All six companies are exempt from application as their influences on net income (appropriate amount to equity) and their combined retained earnings (appropriate amount to equity) are minor, and basically insignificant as a whole.

3. Consolidated subsidiaries' business year, etc.

The balance sheet date of the eleven overseas consolidated subsidiaries is December 31, which is different from the date used in the consolidated accounting.

Financial data as of the above balance sheet date is used for the preparation of consolidated financial statements for those companies. However, necessary adjustments required for consolidation are made to data relating to business transactions of significance that have taken place between the two balance sheet dates.

4. Standards for accounting treatment

(1) Standards for and method of evaluation of major assets

(a) Securities

Other securities

Securities with market value

We employ the market value method (using the "all included directly in capital" method of accounting for valuation differences, and working out the cost by the "moving average cost" method) based on the market price at the balance sheet date, etc.

Securities without market value

We mainly employ the cost method based on the "moving average cost" method.

(b) Derivatives

Market value method

(c) Inventories

We mainly employ the cost method based on the periodic average method. (Balance sheet values are calculated using the devaluating book value method based on decrease in profitability.)

(2) Method of depreciation of major depreciable assets

(a) Property, plant and equipment (excluding leased assets)

SUMCO and its consolidated domestic subsidiaries mainly employ the straight-line method for buildings and the constant percentage method for other fixed assets.

Service life for buildings and structures is set at 31 years and for machinery and transport equipment at 7 years.

(b) Intangible fixed assets

As for software, we employ the straight-line method based on the usable period (5 years) set within the company.

(c) Leased assets

For assets leased under finance lease transactions that do not involve a transfer of new ownership, we employ the straight-line method in which the lease period is used as the service life and it is assumed that residual value of the relevant asset falls to zero at the end of the leased period.

However, finance lease transaction executed on or before January 31, 2008 that do not involve a transfer of ownership are accounted for using the same method as operating leases.

(3) Standard for provision of major allowances

(a) Allowance for doubtful debt

In anticipation of potential losses from doubtful debts, the estimated irrecoverable amount is provided in accordance with the loan loss ratio for general debts and through the individual examination of recoverability for particular debts such as doubtful debts.

(b) Allowance for employee bonuses

At SUMCO and its consolidated domestic subsidiaries, allowance for employee bonuses is provided for payment of bonuses to employees in the amount of estimated bonuses, which is attributable to the current period.

(c) Allowance for directors' bonuses

To provide for bonuses to be paid to directors, the obligatory amount for the current consolidated accounting period is posted out of the estimated total annual amount of payment

(d) Allowance for employee retirement benefits

Allowance for employee retirement benefits is provided for payment of retirement benefits to employees in the amount

deemed accrued at the current period, based on the projected retirement benefit obligation and the fair value of plan assets at the current fiscal year end.

Past service liability is amortized from the time of accrual using the straight-line method over a fixed number of years (10 years) within the employees' average remaining service period at incurrence.

Actuarial difference is amortized using the straight-line method over a fixed number of years (10 years) within the employees' average remaining service period at incurrence, commencing from the next fiscal year of incurrence.

(e) Allowance for directors' retirement bonuses

The amount payable at the period according to the company regulations is provided for payment of directors' retirement bonuses.

(4) Standards for translation of major foreign currency-denominated assets and liabilities into Japanese yen

Values of assets and liabilities of foreign subsidiaries are translated into Japanese yen at the spot rates of foreign exchange markets on the closing dates of accounting for the respective companies, revenues and expenses are converted to Japanese yen at the average market rates during the periods. Translation differences are inclusively posted in the foreign exchange translation adjustment account, and minority interests are posted in the net assets section

(5) Accounting for major lease transactions

Financing leases of SUMCO and its consolidated domestic subsidiaries, excluding those in which the ownership of the property is transferred to the lessee, are accounted for using the same method as operating leases.

(6) Major hedge accounting

(a) Method of hedge accounting

Deferred hedge processing is performed. Appropriation processing is adopted for foreign exchange contracts that meet the requirements for that method and special processing is adopted for interest-rate swaps that meet the requirements for special processing

(b) Hedging instrument and hedged item

Interest rate swaps are used to avert a risk of fluctuations in market interest rates for borrowed funds and the currency forward is used to avert a risk of currency fluctuations associated with anticipated transactions denominated in foreign currencies.

(c) Hedging policy

Based on our own risk management policy, we hedge against market interest rate risk and currency risk. As for market interest rate risk, we maintain the ratio of borrowings with fixed interest rates to total borrowings above a certain level. Also, we arrange currency forward contracts within the scope of anticipated sales.

(d) Method of assessment of effectiveness of hedges

In terms of hedging instruments and hedged items, we verify the effectiveness of the hedges based on individual transactions. However, the effectiveness assessment process is curtailed when important conditions such as the principal, interest rate, period and currency are identical in the hedging instrument and the hedged item as, in such a case, it is obvious that the particular hedge is highly effective.

(7) Other important matters for the preparation of consolidated financial statements

Accounting for consumption tax and other taxes

The tax exclusion method is adopted.

5. Matters concerning the evaluation of assets and liabilities of consolidated subsidiaries

The total assessment method by current value is adopted for the evaluation of assets and liabilities of consolidated subsidiaries.

6. Matters concerning amortization of goodwill and negative goodwill

Goodwill is evenly amortized over a period of between 15 and 20 years.

7. The scope of cash in the consolidated statements of cash flows

Cash and cash equivalents consist of cash in hand, deposits that can be withdrawn as needed, and short-term investments that are readily convertible into cash, being exposed only to an insignificant risk of changes in value, whose date of maturity or redemption is due within three months of the date of acquisition

Changes in basic matters of importance for preparing consolidated financial statements

[Changes in accounting procedures]

(Application of "Accounting Standard for Lease Transactions")

The "Accounting Standard for Lease Transactions" (ASBJ Statement No. 13, issued June 17, 1993 (First Committee of Business Accounting Council), revised March 30, 2007) and "Guidance on Accounting Standard for Lease Transactions" (ASBJ Guidance No. 16, issued January 18, 1994 (Accounting System Committee of Japanese Institute of Certified Public Accountants), revised March 30, 2007) can be applied from consolidated fiscal years beginning on or after April 1, 2007. Accordingly, they are applied early from the current fiscal year. This has no material impact on income.

(Important change in valuation basis and method for assets)

Inventories

"Accounting Standard for Measurement of Inventories"(ASBJ Statement No. 9, July 5, 2006) can be applied from consolidated fiscal years beginning on or before March 31, 2008. Accordingly this is applied early from the current fiscal year. As a result of this change, in comparison with results calculated by the previous method, operating profit, ordinary profit and income before income taxes were reduced by 3,831 million yen. Looking at geographical information, this change caused operating profit, ordinary profit and income before income taxes in Japan to decrease by 3,831 million yen but had no impact in other regions.

(Application of "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements")

The "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial

Statements” (ASBF Practical Issues Task Force No. 18, May 17, 2006) can be applied early from consolidated fiscal years beginning on or before March 31, 2008. Accordingly it is necessary to amend consolidated financial statements from the current fiscal year. This had no material impact on income

[Additional Information]

Pursuant to the amendment of Japan’s Corporation Tax Law, tangible fixed assets acquired by SUMCO or its domestic consolidated subsidiaries on or before March 31, 2007 will be depreciated as follows. Using the depreciation method that was applicable prior to the amendment of the tax law, each asset is depreciated until its depreciated value reaches 5% of its acquisition cost. From the following fiscal year, the difference between 5% of the acquisition cost and the memorandum value is depreciated by the straight line method over a period of five years. The amount of depreciation is recorded as depreciation and amortization.

As a result of this change, in comparison with results calculated by the previous method, operating profit, ordinary profit and income before income taxes were reduced by 2,167 million yen. Looking at geographical information, this change caused operating profit, ordinary profit and income before income taxes in Japan to decrease by 2,167 million yen but had no impact in other regions.

(Regarding consolidated balance sheets)

(unit million yen)

Previous Fiscal Year
(Year ended January 31, 2008) Current Fiscal Year
(Year ended January 31, 2009)

| | Previous Fiscal Year (Year ended January 31, 2008) | Current Fiscal Year (Year ended January 31, 2009) |
|---|---|--|
| 1. The following figures are for non-consolidated subsidiaries and affiliated companies. | | |
| Investments and other assets | | |
| Investment securities (Equity) | 87 | 87 |
| Others (Investment) | 55 | 55 |
| <hr/> | | |
| 2. Accumulated depreciation of fixed assets | 543,672 | 585,050 |
| <hr/> | | |
| 3. Hypothecated assets | | |
| Buildings and structures | 19,169 | 18,798 |
| Machinery and transport equipment | 38,287 | 27,324 |
| Land | 6,920 | 6,920 |
| | | |
| Corresponding liabilities | | |
| Long-term borrowings | 7,209 | 5,005 |
| (Repayment scheduled within one year) | (2,204) | (1,620) |
| <hr/> | | |
| 4. Contingent liability | | |
| Debt guarantee | | |
| Employees | 1,942 | 1,699 |
| <hr/> | | |
| 5. Land revaluation | | |
| SUMCO carried out a revaluation of the land owned by the merged company for business use based on the Land Revaluation Law (March 31, 1998, Law No.34) and posted the tax equivalent amount on the relevant revaluation difference to the liabilities section as 'deferred tax liabilities related to revaluation', and at the same time posted the amount with the tax equivalent portion deducted to the net assets section as 'land revaluation difference'. | | |
| Method of revaluation | A revaluation was carried out with a reasonable adjustment made for the assessed value of fixed assets as stipulated in Paragraph 3 of Article 2 of the 'Enforcement Ordinance for the Land Revaluation Law (March 31, 1998, Ordinance No.119). | |
| Date of revaluation | March 31, 2000 | |
| Difference between fair value of land at end of year of revaluation and book value after revaluation | -2,975 | -3,033 |
| <hr/> | | |
| 6. Accounting treatment of notes receivable/payable maturing on the balance sheet date | | |
| Notes receivable/payable maturing on the balance sheet date are treated as if they were settled at the clearing date of notes. Consequently, as the balance sheet date was a bank holiday, the following notes receivable/payable maturing on the balance sheet date are included in the ending balance. | | |
| Notes receivable | — | 1 |
| Notes payable | — | 408 |
| Notes payable relating to facilities | — | 2,498 |

(Regarding consolidated statements of income)

(unit million yen)

| | Previous Fiscal Year (From February 1, 2007 to January 31, 2008) | Current Fiscal Year (From February 1, 2008 to January 31, 2009) |
|---|--|---|
| 1. Major items and amounts of selling, general and administrative expenses | | |
| Delivery of products | 5,387 | 4,935 |
| Sales commission | 4,416 | 2,747 |
| Allowance for salaries and bonuses | 8,886 | 7,293 |
| Depreciation and amortization | 921 | 1,145 |
| Research and development | 10,828 | 9,893 |
| Lease/rental payment | 1,239 | 1,278 |
| Amortization of goodwill | 2,226 | 2,621 |

2. Details of Extraordinary loss

| | |
|--|--|
| <p>This loss is related to the closure of the SUMCO France S.A.S. factory and consists of 1,272 million yen of premium severance pay, a writedown of 361 million yen for facilities and equipment, etc., 515 million yen of additional expenses and other costs.</p> | <p>(Restructuring expense) Restructuring expense includes a loss on discontinued speciality products manufacturing processes at the Yonezawa Office and expenditure on the restructuring of technical divisions, and consists of a loss on the removal of equipment of 3,393 million yen and inventory losses of 75 million yen.</p> |
|--|--|

(Regarding statement of variation for consolidated shareholders' equity)

Previous Fiscal Year (From February 1, 2007 to January 31, 2008)

1. Particulars concerning class and total number of issued shares and also class and number of treasury stocks

| Class of shares outstanding | Number of shares during the previous fiscal year (thousands shares) | Increase in the number of shares during the current fiscal year (thousands shares) | Decrease in the number of shares during the current fiscal year (thousands shares) | Number of shares at the end of the current fiscal year (thousands shares) |
|-----------------------------|---|--|--|---|
| Issued stocks | | | | |
| Common stock (Note) 1 | 127,200 | 127,200 | — | 254,400 |
| Total | 127,200 | 127,200 | — | 254,400 |
| Type of treasury stock | | | | |
| Common stock (Note) 2 | 0 | 0 | — | 0 |
| Total | 0 | 0 | — | 0 |

(Note) 1. The increase of 127,200 thousand shares in the number of common stock is due to a 2-for-1 common stock split effective on February 1, 2007.

2. The 0 thousand increase in the number of own shares of the common stock is due to the 2 for 1 split of the common stock effected on February 1, 2007 as well as the purchase of odd stocks.

2. Matters concerning stock acquisition rights and treasury stock acquisition rights.

There is no applicable matter.

3. Particulars concerning dividends

(1) Dividends paid

| Resolution | Class of Shares | Total Amount of Dividends (million yen) | Dividend per Share (yen) | Record Date | Effective Date |
|---|-----------------|---|--------------------------|------------------|------------------|
| April 26, 2007 Annual meeting of shareholders | Common stock | 3,179 | 25.00 | January 31, 2007 | April 27, 2007 |
| September 10, 2007 Meeting of Board of Directors | Common stock | 6,995 | 27.50 | July 31, 2007 | October 10, 2007 |

(2) Dividends with the record date in the current fiscal year but the effective date for dividend distribution in the following fiscal year

| Resolution | Class of Shares | Total Amount of Dividends (million yen) | Resource of Dividends | Dividend Amount per Share (yen) | Record Date | Effective Date |
|--|-----------------|---|-----------------------|---------------------------------|------------------|----------------|
| April 25, 2008 Annual meeting of shareholders | Common stock | 6,995 | Retained earnings | 27.50 | January 31, 2008 | April 28, 2008 |

4. Additional information

One of SUMCO's consolidated subsidiary companies, FORMOSA SUMCO TECHNOLOGY CORPORATION, carried out a capital increase through a public stock offering issued at the market price when listed on the Taiwan Stock Exchange in December, 2007. As this resulted in a large gain on change in equity, the relevant gain was added directly to retained earnings.

Current fiscal year (From February 1, 2008 to January 31, 2009)

1. Particulars concerning class and total number of issued shares and also class and number of treasury stocks

| Class of shares outstanding | Number of shares during the previous fiscal year (thousands shares) | Increase in the number of shares during the current fiscal year (thousands shares) | Decrease in the number of shares during the current fiscal year (thousands shares) | Number of shares at the end of the current fiscal year (thousands shares) |
|-----------------------------|---|--|--|---|
| Issued stocks | | | | |
| Common stock (Note) 1 | 254,400 | 3,551 | — | 257,751 |
| Total | 254,400 | 3,551 | — | 257,751 |
| Type of treasury stock | | | | |
| Common stock (Note) 2 | 0 | 14,408 | 14,405 | 3 |
| Total | 0 | 14,408 | 14,405 | 3 |

(Notes) 1. The increase in the number of outstanding shares of common stock by 3,351,000 shares is due to the issuance of new shares for allotment to the shareholders of SUMCO TECHXIV CORPORATION through the share exchange effective May 30, 2008..

2. The increase in the number of treasury stocks and common stocks by 14,408,000 is largely due to open-market purchases and the purchase of shares of less than one unit, and the decrease in the number of treasury stocks and common stocks by 14,405,000 shares is due to their appropriation for allotment to the shareholders of SUMCO TECHXIV CORPORATION through the share exchange effective May 30, 2008 and their sale.

2. Matters concerning stock acquisition rights and treasury stock acquisition rights.

There is no applicable matter.

3. Particulars concerning dividends

(1) Dividends paid

| Resolution | Class of Shares | Total Amount of Dividends (million yen) | Dividend per Share (yen) | Record Date | Effective Date |
|---|-----------------|---|--------------------------|------------------|------------------|
| April 25, 2008 Annual meeting of shareholders | Common stock | 6,995 | 27.50 | January 31, 2009 | April 28, 2008 |
| September 4, 2008 Meeting of Board of Directors | Common stock | 7,088 | 27.50 | July 31, 2008 | October 10, 2008 |

(2) Dividends with the record date in the current fiscal year but the effective date for dividend distribution in the following fiscal year

| Resolution | Class of Shares | Total Amount of Dividends (million yen) | Resource of Dividends | Dividend Amount per Share (yen) | Record Date | Effective Date |
|---|-----------------|---|-----------------------|---------------------------------|------------------|----------------|
| April 28, 2009 Annual meeting of shareholders | Common stock | 3,221 | Retained earnings | 12.50 | January 31, 2009 | April 30, 2009 |

(Regarding consolidated statements of cash flows)

(million yen)

| | Previous Fiscal Year (From February 1, 2007 to January 31, 2008) | Current Fiscal Year (From February 1, 2008 to January 31, 2009) |
|---|--|---|
| Relationship between cash and cash equivalents as of year-end balance and the amount and items indicated on the consolidated balance sheets | | |
| Cash and Deposit Account | 21,255 | 53,955 |
| Term deposits with over three month maturity | -1,000 | -1,000 |
| Short-term investments (Securities due to mature within three months from dates of acquisition) | 37,500 | — |
| Cash and cash equivalents | 57,755 | 52,955 |

2. Details of major nonfund transaction

During the current fiscal year SUMCO made its consolidated subsidiary SUMCOTECHXIV into a wholly owned subsidiary through a share exchange. Accordingly, capital surplus increased by 10,981 million yen, and treasury stock decreased by 30,002 million yen.

—

(Regarding securities)

1. Held-to-maturity bonds with market values

| | Type | Previous Fiscal Year (Year ended January 31, 2008) | | | Current Fiscal Year (Year ended January 31, 2009) | | |
|--|---|--|----------------------------|-----------------------|--|----------------------------|-----------------------|
| | | Amount on the Consolidated Balance Sheet (million yen) | Market Value (million yen) | Balance (million yen) | Amount on the Consolidated Balance Sheet (million yen) | Market Value (million yen) | Balance (million yen) |
| With value on the consolidated balance sheet lower than acquisition cost | (1) Government bonds, municipal bonds, etc. | — | — | — | — | — | — |
| | (2) Corporate bonds | — | — | — | — | — | — |
| | (3) Others | 500 | 499 | -0 | — | — | — |
| | Total | 500 | 499 | -0 | — | — | — |

2. Other securities with market value

| | Type | Previous Fiscal Year (Year ended January 31, 2008) | | | Current Fiscal Year (Year ended January 31, 2009) | | |
|---|--|---|--|-----------------------|--|--|-----------------------|
| | | Acquisition Cost (million yen) | Amount on the Consolidated Balance Sheet (million yen) | Balance (million yen) | Acquisition Cost (million yen) | Amount on the Consolidated Balance Sheet (million yen) | Balance (million yen) |
| With value on the consolidated balance sheet higher than acquisition cost | (1) Stocks | 6 | 23 | 17 | 5 | 14 | 9 |
| | (2) Bonds | | | | | | |
| | 1) Government bonds, municipal bonds, etc. | — | — | — | — | — | — |
| | 2) Corporate bonds | — | — | — | — | — | — |
| | 3) Others | — | — | — | — | — | — |
| | (3) Others | — | — | — | — | — | — |
| | Sub total | 6 | 23 | 17 | 5 | 14 | 9 |
| With value on the consolidated balance sheet lower than acquisition cost | (1) Stocks | 1,059 | 905 | -154 | 706 | 685 | -21 |
| | (2) Bonds | | | | | | |
| | 1) Government bonds, municipal bonds, etc. | — | — | — | — | — | — |
| | 2) Corporate bonds | — | — | — | — | — | — |
| | 3) Others | — | — | — | — | — | — |
| | (3) Others | — | — | — | — | — | — |
| | Sub total | 1,059 | 905 | -154 | 706 | 685 | -21 |
| Total | | 1,066 | 928 | -137 | 712 | 700 | -12 |

(Note) In the previous consolidated fiscal year, the SUMCO Group recognized impairment losses on securities of 1,108 million yen (other securities with market value 1,103 million yen and unlisted stocks not marked to market 4 million yen).

In the current fiscal year, the SUMCO Group recognized impairment losses on securities of 656 million yen (other securities with market value).

3. Held-to-maturity bonds sold during the current consolidated fiscal year (from February 1, 2008 to January 31, 2009)

| Cost of bonds sold (million yen) | Amount sold (million yen) | Gain/loss on sale (million yen) |
|----------------------------------|---------------------------|---------------------------------|
| 500 | 500 | — |

(Reason for decrease)

In the current consolidated fiscal year, held-to-maturity bonds decreased by 500 million yen because they became subject to accelerated redemption as a result of the exercise of call option by the issuer.

4. Major securities not marked to market

| | Previous Fiscal Year (Year ended January 31, 2008) | Current Fiscal Year (Year ended January 31, 2009) |
|---|---|---|
| | Amount on the Consolidated Balance Sheet (million yen) | Amount on the Consolidated Balance Sheet (million yen) |
| (1) Stocks of subsidiaries and affiliates | 87 | 87 |
| (2) Other securities | | |
| Negotiable deposits | 37,500 | — |
| Unlisted stocks | 57 | 57 |

(Regarding retirement benefits)

1. Outline of the retirement benefit scheme adopted

SUMCO and certain consolidated subsidiaries have established retirement lump-sum benefit and retirement pension plans as a retirement benefit scheme.

In addition, special severance payments may be paid to employees on retirement.

2. Retirement benefit obligations and details

| | Previous Fiscal Year (Year ended January 31, 2008) | Current Fiscal Year (Year ended January 31, 2009) |
|--|---|--|
| (1) Retirement benefit obligations (million yen) | -31,862 | -33,534 |
| (2) Pension assets (million yen) | 13,515 | 11,847 |
| (3) <u>Unreserved retirement benefit obligations (1) + (2) (million yen)</u> | -18,347 | -21,686 |
| (4) Unrecognized actuarial loss (million yen) | 1,814 | 4,572 |
| (5) <u>Unrecognized prior service obligations (million yen)</u> | 691 | 558 |
| (6) Retirement benefit allowance (3) + (4) + (5) (million yen) | -15,841 | -16,555 |

(Note) Certain consolidated subsidiaries have adopted the compendium method for the calculation of retirement benefit obligations

3. Retirement benefit cost details

| | Previous Fiscal Year (From February 1, 2007 to January 31, 2008) | Current Fiscal Year (From February 1, 2008 to January 31, 2009) |
|--|--|---|
| (1) Service costs (million yen) | 2,313 | 1,970 |
| (2) Interest costs (million yen) | 585 | 630 |
| (3) Expected return on plan assets (million yen) | -322 | -355 |
| (4) Disposition of actuarial loss to costs | 184 | 270 |
| (5) Disposition of prior service obligations to costs | 133 | 133 |
| (6) Other (million yen) | — | 564 |
| (7) Retirement benefit costs (1)+(2)+(3)+(4) +(5)+(6) (million yen) | 2,895 | 3,235 |

Previous Consolidated Fiscal Year
(Notes) 1. In addition to the above retirement benefit costs, 1,272 million yen of premium retirement benefits have been included in the extraordinary loss 'loss on closure of affiliated company' on the consolidated statement of income.
2. Retirement benefit costs of consolidated subsidiaries adopting the compendium method are posted to '(1) Service costs'

Current Consolidated Fiscal Year
(Notes) 1. Retirement benefit costs of consolidated subsidiaries adopting the compendium method are posted to '(1) Service costs'.
2. "(6) Other" consists mainly of contributions to defined contribution pension.

4. Matters concerning the basis for calculating retirement benefit obligations, etc.

| | Previous Fiscal Year (Year ended January 31, 2008) | Current Fiscal Year (Year ended January 31, 2009) |
|--|---|--|
| Periodic distribution method for anticipated cost of retirement benefits | Periodic flat-rate basis | Periodic flat-rate basis |
| Discount rate | 2.0% | 2.0% |
| Rate of expected return on plan assets | 2.5% | 2.5% |
| Number of processing years for prior service obligations | 10 years | 10 years |
| Number of processing years for actuarial calculation of loss | 10 years | 10 years |

(Regarding deferred tax accounting)

| Previous Fiscal Year (Year ended January 31, 2008) | Current Fiscal Year (Year ended January 31, 2009) |
|---|---|
| 1. Details on main causes of deferred income tax assets and deferred tax liabilities | 1. Details on main causes of deferred income tax assets and deferred tax liabilities |
| Deferred income tax assets | Deferred income tax assets |
| Loss carried forward for tax 12,809 million yen | Loss carried forward for tax 7,529 million yen |
| Allowance for employee retirement benefits 6,152 | Allowance for employee retirement benefits 6,518 |
| Excess depreciation 4,188 | Excess depreciation 4,774 |
| Allowance for employee bonuses 3,987 | Inventory 1,924 |
| Taiwan tax investment allowance 3,745 | Allowance for employee bonuses 1,845 |
| Business tax payable 3,044 | Taiwan tax investment allowance 1,818 |
| Others 5,454 | Others 8,451 |
| Deferred income tax assets 39,381 million yen | Deferred income tax assets 32,862 million yen |
| Sub-total | Sub-total |
| Allowance account -15,383 | Allowance account -9,615 |
| Deferred income tax assets Total 23,998 million yen | Deferred income tax assets Total 23,246 million yen |
| Deferred tax liabilities | Deferred tax liabilities |
| Stocks of subsidiaries -1,114 million yen | Stocks of subsidiaries -1,114 million yen |
| Others -355 | Others -637 |
| Deferred tax liabilities Total -1,470 million yen | Deferred tax liabilities Total -1,752 million yen |
| Net deferred income tax assets (liabilities) 22,527 million yen | Net deferred income tax assets (liabilities) 21,494 million yen |
| Deferred tax liabilities on revaluation -1,784 million yen | Deferred tax liabilities on revaluation -1,784 million yen |
| 2. Details on main items caused a difference between the legal effective tax rate and the contribution rate for corporation tax, etc., after the application of deferred tax accounting | 2. Details on main items caused a difference between the legal effective tax rate and the contribution rate for corporation tax, etc., after the application of deferred tax accounting |
| Legal effective tax rate (Adjustment) 40.1% | Legal effective tax rate (Adjustment) 40.1% |
| Items not permanently qualified for deduction such as entertainment expenses 0.1 | Items not permanently qualified for deduction such as entertainment expenses 0.6 |
| Amortization of consolidation goodwill 0.7 | Amortization of goodwill 2.9 |
| Allowance account -1.0 | Allowance account -1.5 |
| Tax credit -5.5 | Tax credit -5.2 |
| Others -1.9 | Others 0.4 |
| Contribution rate for corporation tax, etc., after the application of deferred tax accounting 32.5% | Contribution rate for corporation tax, etc., after the application of deferred tax accounting 37.3% |

(Omission Disclosure)

Disclosure is omitted for notes regarding leases, transactions with related parties and derivative trading in consideration that the necessity of its disclosure is low.

Business Combinations, etc,

Current fiscal year (from February 1, 2008 to January 31, 2009)

Common-control transaction, etc.

SUMCOTECHXIV CORPORATION becoming a wholly owned subsidiary company of SUMCO CORPORATION through a share exchange

1. Summary of transaction, including the name and the main business of the acquired company, , the legal form of the business combination, the name of the company after combination, and the purpose of the transaction

(1) Name and main business of the acquired company

SUMCO TECHXIV CORPORATION Manufacture and sale of silicon wafers

(2) Legal form of combination

Share exchange through which SUMCO TECHXIV CORPORATION becomes a wholly owned subsidiary company of SUMCO CORPORATION

(3) Name of company after combination

SUMCOTECHXIV CORPORATION

(4) Summary of transaction, including purpose of transaction

On October 18, 2006, SUMCO acquired 51.00% of the issued and outstanding shares of SUMCOTECHXIV CORPORATION through a takeover bid. Thereafter, both companies pursued synergies and achieved a certain degree of success, but to pursue further synergies and maximize corporate value, SUMCO determined that it was necessary to pursue integration even further and this led to the conclusion on May 30, 2008 of a share exchange agreement whereby SUMCO TECHXIV became a wholly owned subsidiary of SUMCO.

SUMCO implemented the share exchange through a summary share exchange proceeding for which the resolution of the shareholders' meeting is not required pursuant to Article 796, Paragraph 3 of the Companies Act.

2. Overview of accounting treatment

The share exchange was treated as a "common control transaction, etc." pursuant to the Accounting Standard for Business Combinations (the Business Accounting Council, October 31, 2003) and Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, December 22, 2006).

3. Additional purchase of shares of subsidiary

(1) Purchase price and breakdown

| | | |
|------------------------------------|--------|-------------|
| Common shares of SUMCO CORPORATION | 40,984 | million yen |
| Purchase direct costs | 327 | million yen |
| Purchase price | 41,312 | million yen |

(2) Class of shares, share exchange ratio and its calculation method, number of shares delivered and their estimated value

(a) Class of shares and share exchange ratio

1.20 shares of common stock of SUMCO CORPORATION were allotted in exchange for each share of SUMCO TECHXIV CORPORATION. However, for the 15,402,000 shares of SUMCO TECHXIV owned by SUMCO, there was no allotment of shares.

(b) Calculation method of share exchange ratio

SUMCO appointed Daiwa Securities SMBC Co., Ltd. as a third party evaluation institution and SUMCO TECHXIV appointed KPMG FAS CO., Ltd. Each of the third party evaluation institutions evaluated the ratio for the share exchange by the market stock price method and the DCF method. SUMCO and SUMCO TECHXIV referred to the results of such evaluation and had mutual negotiations and discussions before determining the aforementioned share exchange ratio.

(c) Number of shares delivered and their estimated value

17,757,600 shares 41,312 million yen

(3) Goodwill or negative goodwill, cause, amortization method and amortization period

(a) Goodwill

12,479 million yen

(b) Cause

Due to the excess of the purchase price of the additionally purchased common shares of SUMCO TECHXIV CORPORATION over the value of minority interests, which decreased as a result of the share exchange

(c) Amortization method and amortization period

Amortized by the straight line method over a period of 15 years

(4) Details of conditional purchase fee provided for in business combination contract and policy for accounting treatment thereof:

N/A

(5) Amount of purchase price recorded against R&D expenses and other items: N/A

2. Absorption-type split whereby SUMCO CORPORATION takes over and absorbs business split from SUMCO TECHXIV CORPORATION

1. Summary of transaction, including the name of the business that was split, the content of such business, the legal form of the business combination, the name of the company after combination, and the purpose of the transaction

(1) Name of the business that was split and content of such business

Name of business Business of the Sales & Marketing Division (without the business regarding overseas bases), Discrete Silicon Division, Technology Division (without the business regarding the Taiwan Support Department), Manufacturing Engineering Department 1, Manufacturing Engineering Department 2 and Manufacturing Engineering Section of Manufacturing Department

Content of business Selling and technology

(2) Legal form of business combination

Absorption-type split whereby SUMCO

CORPORATION takes over and absorbs business split from SUMCO TECHXIV CORPORATION

(3) Name of company after combination

Unchanged

(4) Summary of transaction including purpose of the transaction

The business of the Sales & Marketing Division (without the business regarding overseas bases), Discrete Silicon Division, Technology Division (without the business regarding the Taiwan Support Department), Manufacturing Engineering Department 1, Manufacturing Engineering Department 2 and Manufacturing Engineering Section of Manufacturing Department was split from SUMCO TECHXIV CORPORATION and taken over and absorbed by SUMCO CORPORATION. The SUMCO Group intends to utilize management resources in an even more effective manner and achieve maximization of corporate value by integrating sales & marketing and technology functions within SUMCO and positioning SUMCO TECHXIV CORPORATION as a manufacturing subsidiary of SUMCO CORPORATION.

Overview of accounting treatment

The absorption-type company split was treated as a “common control transaction, etc.” pursuant to the Accounting Standard for Business Combinations (the Business Accounting Council, October 31, 2003) and Guidance on Accounting Standard for Business Combinations and Accounting Standard for Business Divestitures (ASBJ Guidance No. 10, December 22, 2006).

(3) Transferred assets, liabilities and respective amount

(as of August 1, 2008)

| Assets | Amount (million yen) | | Liabilities | Amount (million yen) |
|----------------|-------------------------|--|---------------------|-------------------------|
| Current assets | 20,536 | | Current liabilities | 22,258 |
| Fixed assets | 1,722 | | Fixed liabilities | — |
| Total | 22,258 | | Total | 22,258 |

(Segment information)

1. Segment information by type of business

The business of the SUMCO Group concentrates on “high-purity silicon”, i.e. a single segment, in the previous consolidated period (from February 1, 2007 to January 31, 2008) and in the current consolidated fiscal year (from February 1, 2008 to January 31, 2009). Therefore, this section is not applicable for our situation.

2. Geographic segment information

Previous Consolidated Fiscal Year (From February 1, 2007 to January 31, 2008)

| | Japan (million yen) | North America (million yen) | Asia (million yen) | Europe (million yen) | Total (million yen) | Elimination or Corporate (million yen) | Consolidated (million yen) |
|-------------------------------------|------------------------|-----------------------------------|-----------------------|-------------------------|------------------------|--|-------------------------------|
| I. Sales and operating profit/loss | | | | | | | |
| Sales | | | | | | | |
| (1) Sales to external customers | 359,347 | 57,171 | 32,715 | 25,716 | 474,951 | — | 474,951 |
| (2) Intersegment sales or transfers | 98,036 | 20,264 | 10,486 | 1,401 | 130,188 | -130,188 | — |
| Total | 457,383 | 77,436 | 43,201 | 27,118 | 605,140 | -130,188 | 474,951 |
| Operating expense | 322,904 | 71,100 | 32,215 | 27,322 | 453,543 | -118,977 | 334,565 |
| Operating profit (or loss) | 134,479 | 6,335 | 10,986 | -204 | 151,596 | -11,210 | 140,385 |
| II. Assets | 573,842 | 43,602 | 80,904 | 8,904 | 707,254 | 3,241 | 710,495 |

(Note) 1. Countries or areas are classified by geographic closeness.

2. Breakdown of countries or areas other than Japan is as follows:

- (1) North America USA
- (2) Asia Indonesia, Singapore, Taiwan
- (3) Europe UK, France, Belgium

3. The amount of operating expense that cannot be allocated and is included in “Elimination or corporate” is 11,936 million yen. Its major component is R & D expenses.

4. The amount of asset that is corporate asset and is included in “Elimination or Corporate” is 44,795 million yen.

Its major components are cash, deposit and securities.

5. Change in accounting policy

(Change in the standard for translation into Japanese yen for foreign subsidiaries)

As described in ‘Changes in basic matters of importance for preparing consolidated financial statements’, the conversion standard for revenues and expenses of overseas subsidiaries has been changed from the current consolidated fiscal year. Based on these changes, in comparison with the figures derived using the conventional accounting method, net sales increased by 2,424 million yen in North America, 1,164 million yen in Asia and 305 million yen in Europe, while ‘Elimination or Corporate’ decreased by 741 million yen. In addition, operating profits increased by 224 million yen in North America, 212 million yen in Asia, 5 million yen in Europe and 90 million yen for ‘Elimination or Corporate’. The change in accounting policy had no influence on segment information for Japan.

(Change in depreciation method for tangible fixed assets)

As described in ‘Changes in basic matters of importance for preparing consolidated financial statements’, the depreciation method for tangible fixed assets acquired on or after April 1, 2007 has been changed from the current consolidated fiscal year based on the revised Corporation Tax Law and in accordance with revisions to that law (see the Partial Amendment to the Income Tax Law (Law No.6 dated March 30, 2007) and the Partial Amendment to the Corporation Tax Enforcement Ordinance (Ordinance No.83 dated March 30, 2007)). As a result of this change, both operating profit and assets for Japan fell by 1,630 million yen in comparison with the figures derived using the conventional accounting method. Meanwhile, the change in depreciation method is no influence on segment information for regions other than Japan.

Current Consolidated Fiscal Year (From February 1, 2008 to January 31, 2009)

| | Japan (million yen) | North America (million yen) | Asia (million yen) | Europe (million yen) | Total (million yen) | Elimination or Corporate (million yen) | Consolidated (million yen) |
|-------------------------------------|------------------------|-----------------------------------|-----------------------|-------------------------|------------------------|--|-------------------------------|
| I. Sales and operating profit/loss | | | | | | | |
| Sales | | | | | | | |
| (1) Sales to external customers | 291,194 | 42,065 | 38,685 | 19,983 | 391,928 | — | 391,928 |
| (2) Intersegment sales or transfers | 112,165 | 16,443 | 6,402 | — | 135,011 | -135,011 | — |
| Total | 403,360 | 58,508 | 45,087 | 19,983 | 526,939 | -135,011 | 391,928 |
| Operating expense | 354,314 | 56,624 | 40,925 | 20,232 | 472,096 | -125,237 | 346,859 |
| Operating profit (or loss) | 49,045 | 1,884 | 4,162 | -249 | 54,843 | -9,774 | 45,069 |
| II. Assets | 600,172 | 35,660 | 69,205 | 4,321 | 709,358 | 24,538 | 733,897 |

(Note) 1. Countries or areas are classified by geographic closeness.

2. Breakdown of countries or areas other than Japan is as follows:

- (1) North America USA
- (2) Asia Indonesia, Singapore, Taiwan
- (3) Europe UK, France, Belgium

3. The amount of operating expense that cannot be allocated and is included in "Elimination or corporate" is 11,036 million yen. Its major component is R & D expenses.

4. The amount of asset that is corporate asset and is included in "Elimination or Corporate" is 52,493million yen.

Its major components are cash, deposit and securities.

3. Overseas sales

Previous Consolidated Fiscal Year (From February 1, 2007 to January 31, 2008)

| | North America | Asia | Europe and others | Total |
|---|---------------|---------|-------------------|---------|
| I Overseas sales (million yen) | 72,622 | 190,773 | 32,558 | 295,955 |
| II Consolidated sales (million yen) | — | — | — | 474,951 |
| III Ratio of overseas sales to consolidated sales (%) | 15.3 | 40.2 | 6.8 | 62.3 |

(Note) 1. Countries or areas are classified by geographic closeness.

2. Breakdown of countries or areas is as follows:

- (1) North America USA and others
- (2) Asia Korea, Singapore, Taiwan, China, Malaysia, etc.
- (3) Europe and others Ireland, Israel, Italy, Germany, France, etc.

3. 'Overseas sales' means the sales made by SUMCO and its consolidated subsidiaries in the countries and areas excluding Japan.

4. Change in accounting policy

(Change in the standard for translation into Japanese yen for foreign subsidiaries)

As described in 'Changes in basic matters of importance for preparing consolidated financial statements', the conversion standard for revenues and expenses of overseas subsidiaries has been changed from the current consolidated fiscal year. As a result of this change, overseas net sales increased by 1,680 million yen for North America, 906 million yen for Asia and 400 million yen for Europe and other regions in comparison with the figures derived using the conventional method.

Current Consolidated Fiscal Year (From February 1, 2008 to January 31, 2009)

| | North America | Asia | Europe and others | Total |
|---|---------------|---------|-------------------|---------|
| I Overseas sales (million yen) | 61,011 | 154,190 | 27,032 | 242,234 |
| II Consolidated sales (million yen) | — | — | — | 391,928 |
| III Ratio of overseas sales to consolidated sales (%) | 15.6 | 39.3 | 6.9 | 61.8 |

(Note) 1. Countries or areas are classified by geographic closeness.

2. Breakdown of countries or areas is as follows:

- (1) North America USA and others
- (2) Asia Korea, Singapore, Taiwan, China, Malaysia, etc.
- (3) Europe and others Ireland, Israel, Italy, Germany, France, etc.

3. 'Overseas sales' means the sales made by SUMCO and its consolidated subsidiaries in the countries and areas excluding Japan.

(Per-share information)

| Previous Fiscal Year (From February 1, 2007 to January 31, 2008) | | Current Fiscal Year (From February 1, 2008 to January 31, 2009) | |
|--|--------------|---|--------------|
| Net assets per share | 1,409.59 yen | Net assets per share | 1,419.24 yen |
| Current net income per share | 294.34 yen | Current net income per share | 74.36 yen |
| <p>Current net income per diluted share (after adjustment of latent shares) is not described as no such shares exist.</p> <p>SUMCO carried out a 2-for-1 stock split on February 1, 2007. On the assumption that the relevant stock split was implemented at the beginning of the previous fiscal year, the following are the per-share information for the two respective items.</p> <p>(Previous consolidated fiscal year)</p> | | <p>Current net income per diluted share (after adjustment of latent shares) is not described as no such shares exist.</p> | |
| Net assets per share | 1,148.95 yen | | |
| Current net income per share | 298.83 yen | | |

(Note) The following is the basis for calculation of current net income per share.

| | Previous Consolidated Fiscal Year (From February 1, 2007 to January 31, 2008) | Current Consolidated Fiscal Year (From February 1, 2008 to January 31, 2009) |
|---|---|--|
| Net income (million yen) | 74,879 | 18,886 |
| Amount not belonging to common shareholders (million yen) | — | — |
| Current net income for common stock (million yen) | 74,879 | 18,886 |
| Average number of shares during the fiscal year (shares) | 254,399,448 | 253,996,054 |
| Summary of residual securities not included in calculation of current net income per share after adjusting residual securities due to lack of dilutive effect | — | — |

5. Non-consolidated Financial Statements**(1) Balance Sheets**

| Category | End of Previous Fiscal Year (January 31, 2008) | | End of Current Fiscal Year (January 31, 2009) | | Change from Previous Year-end |
|---|---|---------------------------------|--|---------------------------------|----------------------------------|
| | Amount (million yen) | Composi tion Ratio (%) | Amount (million yen) | Composi tion Ratio (%) | Amount (million yen) |
| (Assets) | | | | | |
| I Current assets | | | | | |
| 1. Cash and time deposits | 6,933 | | 48,808 | | 41,875 |
| 2. Notes receivable and accounts receivable | 65,884 | | 44,348 | | -21,536 |
| 3. Securities | 36,000 | | — | | -36,000 |
| 4. Inventories | 38,417 | | 42,223 | | 3,805 |
| 5. Deferred income tax assets | 6,569 | | 5,981 | | -587 |
| 6. Short-term loans | 1,860 | | 42,254 | | 40,393 |
| 7. Others | 4,438 | | 9,502 | | 5,064 |
| 8. Allowance for doubtful accounts | -1,783 | | -2,391 | | -607 |
| Total current assets | 158,320 | 30.9 | 190,727 | 29.8 | 32,406 |
| II Fixed assets | | | | | |
| 1. Tangible fixed assets | | | | | |
| (1) Buildings | 75,494 | | 90,149 | | 14,655 |
| (2) Structures | 2,377 | | 3,666 | | 1,288 |
| (3) Machinery | 120,998 | | 122,582 | | 1,584 |
| (4) Motor vehicles and transport equipment | 152 | | 319 | | 167 |
| (5) Land | 15,581 | | 15,752 | | 170 |
| (6) Construction in progress | 54,605 | | 67,187 | | 12,581 |
| (7) Others | 881 | | 1,414 | | 532 |
| Total tangible fixed assets | 270,091 | 52.7 | 301,072 | 47.1 | 30,981 |
| 2. Intangible fixed assets | | | | | |
| (1) Software | 3,602 | | 4,960 | | 1,357 |
| (2) Others | 94 | | 217 | | 123 |
| Total intangible fixed assets | 3,697 | 0.7 | 5,177 | 0.8 | 1,480 |
| 3. Investments and other assets | | | | | |
| (1) Investment securities | 1,331 | | 633 | | -697 |
| (2) Stocks of affiliated companies | 61,234 | | 102,547 | | 41,312 |
| (3) Investments of affiliated companies | 55 | | 55 | | — |
| (4) Long-term loans | 22 | | 10,014 | | 9,992 |
| (5) Long-term prepaid expenses | 3,287 | | 4,616 | | 1,329 |
| (6) Long-term advances | 9,679 | | 19,709 | | 10,029 |
| (7) Deferred income tax assets | 4,236 | | 4,172 | | -63 |
| (8) Others | 851 | | 937 | | 86 |
| Total investments and other assets | 80,697 | 15.7 | 142,686 | 22.3 | 61,988 |
| Total fixed assets | 354,486 | 69.1 | 448,936 | 70.2 | 94,450 |
| Total assets | 512,807 | 100.0 | 639,663 | 100.0 | 126,856 |

| Category | End of Previous Fiscal Year (January 31, 2008) | | End of Current Fiscal Year (January 31, 2009) | | Change from Previous Year-end |
|---|---|-----------------------------|--|-----------------------------|----------------------------------|
| | Amount (million yen) | Composition Ratio (%) | Amount (million yen) | Composition Ratio (%) | Amount (million yen) |
| (Liabilities) | | | | | |
| I Current liabilities | | | | | |
| 1. Accounts payable | 26,024 | | 21,919 | | -4,105 |
| 2. Short-term borrowings | 34,146 | | 98,057 | | 63,910 |
| 3. Commercial paper | — | | 8,000 | | 8,000 |
| 4. Lease liabilities | — | | 103 | | 103 |
| 5. Accrued liabilities and accrued expenses. | 4,851 | | 6,071 | | 1,220 |
| 6. Income taxes, etc. payable | 33,774 | | — | | -33,774 |
| 7. Allowance for employee bonuses | 8,568 | | 3,749 | | -4,818 |
| 8. Allowance for directors bonuses | 101 | | 27 | | -73 |
| 9. Facilities related notes payable and accounts payable | 35,354 | | 36,956 | | 1,601 |
| 10. Others | 132 | | 1,110 | | 978 |
| Total current liabilities | 142,953 | 27.8 | 175,996 | 27.5 | 33,043 |
| II Fixed liabilities | | | | | |
| 1. Long-term borrowings | 20,755 | | 96,428 | | 75,672 |
| 2. Lease liabilities | — | | 367 | | 367 |
| 2. Deferred tax liabilities for land evaluation | 1,784 | | 1,784 | | — |
| 3. Allowance for employee retirement benefits | 10,133 | | 10,438 | | 305 |
| 4. Allowance for directors' retirement bonuses | 310 | | 225 | | -84 |
| 5. Others | 4,791 | | 12,134 | | 7,342 |
| Total fixed liabilities | 37,775 | 7.4 | 121,378 | 19.0 | 83,603 |
| Total liabilities | 180,728 | 35.2 | 297,375 | 46.5 | 116,646 |

| Category | End of Previous Fiscal Year (January 31, 2008) | | End of Current Fiscal Year (January 31, 2009) | | Change from Previous Year-end |
|---|---|-----------------------------|--|-----------------------------|----------------------------------|
| | Amount (million yen) | Composition Ratio (%) | Amount (million yen) | Composition Ratio (%) | Amount (million yen) |
| (Net assets) | | | | | |
| I Shareholders' equity | | | | | |
| 1. Capital | 114,107 | 22.3 | 114,107 | 17.8 | — |
| 2. Capital surplus | | | | | |
| (1) Capital reserves | 78,310 | | 86,046 | | 7,735 |
| (2) Others | — | | 3,245 | | 3,245 |
| Total capital surplus | 78,310 | 15.3 | 89,292 | 14.0 | 10,981 |
| 3. Retained earnings | | | | | |
| (1) Other retained earnings | | | | | |
| Retained earnings carried forward | 137,409 | | 136,643 | | -765 |
| Total retained earnings | 137,409 | 26.7 | 136,643 | 21.4 | -765 |
| 4. Treasury stock | -2 | -0.0 | -5 | -0.0 | -3 |
| Total shareholders' equity | 329,823 | 64.3 | 340,037 | 53.2 | 10,213 |
| II Variance of valuation/translation etc | | | | | |
| 1. Net unrealized gain on available-for-sale securities | 10 | 0.0 | 0 | 0.0 | -9 |
| 2. Gains and losses of deferred hedge | -8 | -0.0 | -1 | -0.0 | 6 |
| 3. Revaluation reserve for land | 2,252 | 0.5 | 2,252 | 0.3 | — |
| Total variance of valuation/translation etc. | 2,254 | 0.5 | 2,251 | 0.3 | -3 |
| Total net assets | 332,078 | 64.8 | 342,288 | 53.5 | 10,210 |
| Total liabilities and net assets | 512,807 | 100.0 | 639,663 | 100.0 | 126,856 |

(2) Statements of Income

| Category | Previous Fiscal Year (From February 1, 2007 to January 31, 2008) | | Current Fiscal Year (From February 1, 2008 to January 31, 2009) | | Change from Previous Year-end |
|---|--|-----------------------------|---|-----------------------------|----------------------------------|
| | Amount (million yen) | Composition Ratio (%) | Amount (million yen) | Composition Ratio (%) | Amount (million yen) |
| I Net sales | 320,932 | 100.0 | 283,265 | 100.0 | -37,667 |
| II Cost of sales | 199,384 | 62.1 | 233,290 | 82.4 | 33,905 |
| Gross profit | 121,547 | 37.9 | 49,974 | 17.6 | -71,572 |
| III Selling, general and administrative expenses | 22,463 | 7.0 | 22,701 | 8.0 | 237 |
| Operating profit | 99,084 | 30.9 | 27,273 | 9.6 | -71,810 |
| IV Non-operating profit | (1,598) | (0.5) | (2,229) | (0.8) | (630) |
| 1. Interest and dividends income | 1,193 | | 1,941 | | 747 |
| 2 Others | 405 | | 288 | | -116 |
| V Non-operating expenses | (5,310) | (1.7) | (5,606) | (2.0) | (295) |
| 1. Interest expense | 1,221 | | 1,714 | | 492 |
| 2. Loss on revaluation of investments in securities | 1,103 | | 655 | | -448 |
| 3. Foreign-exchange losses | 938 | | 1,782 | | 844 |
| 4. Others | 2,047 | | 1,453 | | -593 |
| Ordinary profit | 95,372 | 29.7 | 23,897 | 8.4 | -71,475 |
| VI Extraordinary losses | (2,715) | (0.8) | (3,469) | (1.2) | (753) |
| 1. Loss on closure of affiliated company | 2,715 | | — | | -2,715 |
| 2. Business restructuring expense | — | | 3,469 | | 3,469 |
| Net income before taxes and interest | 92,656 | 28.9 | 20,427 | 7.2 | -72,228 |
| Corporate income tax, local resident tax and business tax | 33,000 | | 6,400 | | -26,600 |
| Adjustment of corporate income tax, etc | 3,112 | | 709 | | -2,403 |
| Net income | 56,543 | 17.6 | 13,318 | 4.7 | -43,225 |

(3) Statement of Change in net assets

Previous Fiscal Year (From February 1, 2007to January 31, 2008)

(million yen)

| | Shareholders' Equity | | | | |
|--|----------------------|------------------|--|----------------|----------------------------|
| | Capital | Capital Surplus | Retained Earnings | Treasury Stock | Total Shareholders' Equity |
| | | Capital Reserves | Other retained Earnings Retained Earnings Carried Forward | | |
| Balance as of January 31, 2007 | 114,107 | 78,310 | 91,041 | -0 | 283,457 |
| Changes during consolidated fiscal year | | | | | |
| Dividends from surplus | | | △10,175 | | -10,175 |
| Net income | | | 56,543 | | 56,543 |
| Acquisition of treasury stock | | | | -1 | -1 |
| Changes (net) in items other than shareholders' equity during consolidated fiscal year | | | | | |
| Total changes during consolidated fiscal year | — | — | 46,367 | -1 | 46,366 |
| Balance as of January 31, 2008 | 114,107 | 78,310 | 137,409 | -2 | 329,823 |

(million yen)

| | Valuation and Translation Adjustments | | | | Total Net Assets |
|--|--|-----------------------------------|-----------------------------|---|------------------|
| | Net Unrealized Holding Gains on Securities | Deferred Gains or Losses on Hedge | Land Revaluation Difference | Total Valuation and Translation Adjustments | |
| Balance as of January 31, 2007 | 61 | -89 | 2,252 | 2,223 | 285,681 |
| Changes during consolidated fiscal year | | | | | |
| Dividends from surplus | | | | | -10,175 |
| Net income | | | | | 56,543 |
| Acquisition of treasury stock | | | | | -1 |
| Changes (net) in items other than shareholders' equity during consolidated fiscal year | -50 | 81 | — | 30 | 30 |
| Total changes during consolidated fiscal year | -50 | 81 | — | 30 | 46,396 |
| Balance as of January 31, 2008 | 10 | -8 | 2,252 | 2,254 | 332,078 |

Current Fiscal Year (From February 1, 2008 to January 31, 2009)

(million yen)

| | Shareholders' Equity | | | | | |
|--|----------------------|------------------|--------|--|----------------|----------------------------|
| | Capital | Capital Surplus | | Retained Earnings | Treasury Stock | Total Shareholders' Equity |
| | | Capital Reserves | Others | Other retained Earnings Retained Earnings Carried Forward | | |
| Balance as of January 31, 2008 | 114,107 | 78,310 | — | 137,409 | -2 | 329,823 |
| Changes during consolidated fiscal year | | | | | | |
| Dividends from surplus | | | | -14,084 | | -14,084 |
| Net income | | | | 13,318 | | 13,318 |
| Acquisition of treasury stock | | | | | -30,005 | -30,005 |
| Increase(decrease)due to share exchange (Note) | | 7,735 | 3,245 | | 30,002 | 40,984 |
| Changes (net) in items other than shareholders' equity during consolidated fiscal year | | | | | | |
| Total changes during consolidated fiscal year | — | 7,735 | 3,245 | -765 | -3 | 10,213 |
| Balance as of January 31, 2009 | 114,107 | 86,046 | 3,245 | 136,643 | -5 | 340,037 |

(million yen)

| | Valuation and Translation Adjustments | | | | Total Net Assets |
|--|--|-----------------------------------|-----------------------------|---|------------------|
| | Net Unrealized Holding Gains on Securities | Deferred Gains or Losses on Hedge | Land Revaluation Difference | Total Valuation and Translation Adjustments | |
| Balance as of January 31, 2008 | 10 | -8 | 2,252 | 2,254 | 332,078 |
| Changes during consolidated fiscal year | | | | | |
| Dividends from surplus | | | | | -14,084 |
| Net income | | | | | 13,318 |
| Acquisition of treasury stock | | | | | -30,005 |
| Increase(decrease)due to share exchange (Note) | | | | | 40,984 |
| Changes (net) in items other than shareholders' equity during consolidated fiscal year | -9 | 6 | — | -3 | -3 |
| Total changes during consolidated fiscal year | -9 | 6 | — | -3 | 10,210 |
| Balance as of January 31, 2009 | 0 | -1 | 2,252 | 2,251 | 342,288 |

(Note) This refers to a share exchange on May 30, 2008, with SUMCO TECHXIV shareholders