

Financial Situation and Business Results at the End of the Third Quarter of Fiscal Year 2005 (ending January 31, 2006) (Consolidated)

November 25, 2005

Company name: SUMCO CORPORATION (Code #3436, First Section of the Tokyo Stock Exchange)

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

Representative: Title and name: President, Naoyuki Hosoda

Contact person: Title and name: Executive Officer/General Manager of Corporate Planning Dept., Kazufumi Yanaga

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1. Notes on the Preparation of Quarterly Financial Information

- (1) Adoption of simplified procedure in accounting methods : Yes
(Details)
- For tax cost, an annual forecast tax rate is used.
 - The depreciation cost is based on an annual depreciation budget amount allocated per month.
- (2) Change in accounting procedure as from the current consolidated fiscal year : Yes
(Details)
- Hedge accounting is applied to forward exchange transactions for forecasted transactions in foreign currencies.
- (3) Change in scope of consolidation and association : None

2. Financial Situation and Business Results at the End of the Third Quarter of Fiscal Year 2005 (February 1, 2005 through October 31, 2005)

(1) Overview of Business Performance (Consolidated)

(Amounts smaller than a million yen are rounded down)

	Sales		Operating profit		Recurring profit		Net income for the current quarter	
	(million yen)	%	(million yen)	%	(million yen)	%	(million yen)	%
Q3 YTD 2005	158,840	-	31,705	-	26,554	-	14,594	-
Q3 YTD 2004	-	-	-	-	-	-	-	-
(Reference) Fiscal Year 2004	193,123		31,467		25,502		10,866	

	Net income per share for the current quarter	Net income per share after dilution for the current quarter
	Yen & Sen	Yen & Sen
Q3 YTD 2005	145.21	-
Q3 YTD 2004	-	-
(Reference) Fiscal Year 2004	208,639.39	-

(Note) As disclosure of information on quarterly business performance has been standardized from the current quarter, figures from the corresponding quarter of the previous year are not stated here.

[Qualitative Information etc. on Business Performance (Consolidated)]

The domestic economy has recovered slowly during the current third quarter with improved corporate earnings, increased capital investment, and enhanced consumer spending. The global economy has also been steady, with the United States and China continuing to expand their business activities.

Consequently, the semiconductor industry has enjoyed stable demand from makers of digital appliances and personal computers. Production of memories and MPUs (micro processing units) has increased. There has also been increased demand from the silicon wafer industry (especially for 300 mm wafers), primarily in Asia and the United States.

Our group has been active in responding to this robust demand for 300 mm wafers and has increased plant capacity accordingly.

Consequently, the current third quarter's sales reached 158,840 million yen, resulting in an operating profit of 26,554 million yen and a quarterly net income of 14,594 million yen.

(2) Change in Financial Situation (Consolidated)

(Amounts smaller than a million yen are rounded down)

	Total assets	Shareholders' capital	Shareholders' capital ratio	Shareholders' equity per share
	(million yen)	(million yen)	%	Yen & Sen
Q3 YTD 2005	318,363	95,233	29.9	947.60
Q3 YTD 2004	-	-	-	-
(Reference) Fiscal Year 2004	317,911	80,357	25.3	1,199,372.83

(Note) As disclosure of information on quarterly business performance has been standardized from the current quarter, figures from the corresponding quarter of the previous year are not stated here.

(3) Cash Flow (Consolidated)

(Amounts smaller than a million yen are rounded down)

	Operating Activities	Investing Activities	Financing Activities	Cash and Cash Equivalent at the end of the Quarter
	(million yen)	(million yen)	(million yen)	(million yen)
Q3 YTD 2005	54,117	39,161	19,715	9,280
Q3 YTD 2004	-	-	-	-
(Reference) Fiscal Year 2004	49,365	35,168	31,063	14,001

(Note) As disclosure of information on quarterly business performance has been standardized from the current quarter, figures from the corresponding quarter of the previous year are not stated here.

[Qualitative Information etc. on Change in Financial Situation (Consolidated)]

(1) Change in Financial Situation

Total assets at the end of the current third quarter were 318,363 million yen, an increase of 452 million yen compared to the end of the previous fiscal year (consolidated). Tangible fixed assets increased by 10,967 million yen due to investment in capacity expansion for 300 mm wafer production, among other reasons. On the other hand, current assets decreased by 8,541 million yen, including cash and deposits, and short-term deferred tax assets.

Total liabilities decreased by 14,502 million yen to 222,984 million yen, compared to the end of the previous fiscal year (consolidated). This is primarily due to long-term borrowings, which decreased by 17,042 million yen compared to the end of the previous fiscal year (consolidated).

Total assets showed an increase of 14,876 million yen to 95,233 million yen, compared to the end of the previous fiscal year (consolidated). Shareholders' capital ratio moved up to 29.9%, an increase of 4.6% from the 25.3% increase recorded at the end of the previous fiscal year (consolidated).

(2) Cash Flow

At the end of the current third quarter, cash and cash equivalents decreased by 4,721 million yen to 9,280 million yen, compared to the end of the previous fiscal year (consolidated). Cash flow from operating activities was 54,117 million yen, with the current quarter's net income of 25,102 million yen (before tax) and depreciation cost of 25,492 million yen. Due to increased capital expenditures needed to expand production capacity for 300 mm wafers, cash flow from investing activities was a negative at 39,161 million yen. Also, cash flow from financing activities was a negative at 19,715 million yen due to repayments on long-term borrowing.

3. Business Result Forecast for Fiscal Year 2005 (Consolidated) (February 1, 2005 through January 31, 2006)

We have not revised our business result forecast.

Consolidated Balance Sheets (Unaudited)
January 31 and October 31, 2005

	January 31, 2005	October 31, 2005
	(Millions of yen)	
Assets		
Current assets:		
Cash and time deposits	¥ 15,002	¥ 10,281
Notes and accounts receivable, trade	43,178	41,399
Inventories	37,554	38,727
Other current assets	<u>7,383</u>	<u>4,170</u>
Total current assets	103,117	94,577
Property, plant and equipment:		
Net property, plant and equipment	178,424	189,390
Investments and other assets:		
Consolidation goodwill.....	15,960	15,257
Software.....	5,164	5,377
Other assets.....	<u>15,246</u>	<u>13,762</u>
Total investments and other assets.....	<u>36,370</u>	<u>34,396</u>
Total assets	<u>¥ 317,911</u>	<u>¥ 318,363</u>
Liabilities and Shareholders' equity		
Current liabilities:		
Short-term bank loans	¥ 48,407	¥ 51,685
Current portion of long-term debt	35,961	33,421
Notes and accounts payable, trade	16,886	14,986
Other current liabilities	<u>27,559</u>	<u>33,346</u>
Total current liabilities.....	128,813	133,438
Long-term liabilities:		
Long-term debt	96,228	76,344
Other long-term liabilities.....	<u>12,445</u>	<u>13,202</u>
Total long-term liabilities	108,673	89,546
Minority interests	67	145
Commitments and contingent liabilities		
Shareholders' equity:		
Capital stock	58,500	58,500
Capital surplus.....	9,859	9,859
Retained earnings	12,000	26,594
Revaluation reserve for land	2,253	2,253
Net unrealized gain on available-for-sale securities	23	25
Foreign currency translation adjustments	<u>(2,277)</u>	<u>(1,997)</u>
Total shareholders' equity	<u>80,358</u>	<u>95,234</u>
Total liabilities and shareholders' equity	<u>¥ 317,911</u>	<u>¥ 318,363</u>

Consolidated Statements of Income (Unaudited)
Years ended January 31, 2005 and nine months ended October 31, 2005

	Year ended January 31, <u>2005</u>	Nine months ended October 31, <u>2005</u>
	(Millions of yen)	
Net sales	¥ 193,123	¥ 158,841
Cost of sales	<u>143,371</u>	<u>112,850</u>
Gross profit	49,752	45,991
Selling, general and administrative expenses	<u>18,285</u>	<u>14,286</u>
Operating profit	31,467	31,705
Other income (expenses):		
Interest and dividend income	62	57
Interest expense	(3,973)	(2,713)
Other, net	<u>(6,228)</u>	<u>(3,947)</u>
Other expenses, net	<u>(10,139)</u>	<u>(6,603)</u>
Income before income taxes and minority interests	21,328	25,102
Income taxes	10,392	10,430
Minority interests	<u>70</u>	<u>78</u>
Net income	<u>¥ 10,866</u>	<u>¥ 14,594</u>

	Year ended January 31, <u>2005</u>	Nine months ended October 31, <u>2005</u>
	(Yen)	
Per share of common stock:		
Basic net income	¥ 208,639.39	¥ 145.22
Pro forma reflecting common stock split		
Basic net income	¥ 108.12	¥ 145.22

Consolidated Statements of Cash Flows (Unaudited)
Years ended January 31, 2005 and nine months ended October 31, 2005

	Year ended January 31, <u>2005</u>	Nine months ended October 31, <u>2005</u>
	(Millions of yen)	
Operating activities:		
Income before income taxes and minority interests.....	¥ 21,328	¥ 25,102
Adjustments to reconcile income before income taxes and minority interests to net cash provided by operating activities:		
Depreciation and amortization.....	34,728	25,493
Amortization of consolidation goodwill.....	937	704
(Increase) decrease in notes and accounts receivable, trade	(5,095)	2,076
(Increase) decrease in inventories.....	(2,440)	(480)
Increase (decrease) in notes and accounts payable, trade	1,753	(2,602)
Other, net	<u>2,628</u>	<u>6,902</u>
Subtotal.....	<u>53,839</u>	<u>57,195</u>
Interest and dividend received	62	55
Interest paid	(4,006)	(2,374)
Income taxes paid	<u>(530)</u>	<u>(759)</u>
Net cash provided by operating activities.....	<u>49,365</u>	<u>54,117</u>
Investing activities:		
Payments for purchases of fixed assets.....	(37,011)	(40,261)
Other, net	<u>1,843</u>	<u>1,100</u>
Net cash used in investing activities	<u>(35,168)</u>	<u>(39,161)</u>
Financing activities:		
(Decrease) increase in short-term bank loans, net	(10,942)	3,208
Proceeds from long-term debt	10,295	1,000
Repayments of long-term debt.....	<u>(30,416)</u>	<u>(23,923)</u>
Net cash used in financing activities.....	<u>(31,063)</u>	<u>(19,715)</u>
Foreign currency translation adjustments on cash and cash equivalents.....		
	<u>47</u>	<u>38</u>
Net decrease in cash and cash equivalents.....	(16,819)	(4,721)
Cash and cash equivalents at beginning of period.....	<u>30,821</u>	<u>14,002</u>
Cash and cash equivalents at end of period	<u>¥ 14,002</u>	<u>¥ 9,281</u>

(Additional Information)

1. Index per Share Revised Retroactively

We split one share of our stock into 1,500 shares on May 12, 2005. Assuming this split was performed at the beginning of the previous fiscal year, information per share for the 2004 fiscal year is as follows. Also, stock conversion is assumed to have occurred at the beginning of the previous fiscal year although preferred stock was converted to common stock on October 31, 2004.

	The current fiscal year's net income per share	Shareholders' equity per share
(Reference) Fiscal Year 2004	Yen & Sen 108.12	Yen & Sen 799.58

2. Capital Increase through Public Offering

We increased our capital through a public offering on November 16 (the number of issued shares: 19,200,000 shares, amount per share: 3,135 yen, total amount: 60,192 million yen). Consequently, our capital increased by 23,673 million yen and our capital surplus increased by 36,518 million yen.