

(TRANSLATION)

*This brief statements on the first quarter ended April 31 2006 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 First Quarter (ended April 31, 2006) of Fiscal Year 2006 (ending January 31, 2007)**

### Forward Looking Statement

The statements and figures contained in this Brief Statement of Consolidated Financial Results for and at the end of the First Quarter (three months ended April 31, 2006) for the fiscal year ending January 31, 2007 (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.

May 31, 2006

Company Name: SUMCO CORPORATION

Listed on: Tokyo Stock Exchange

Code Number: 3436

Headquarters: Tokyo

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

Representative: Title and name: President, Kenjiro Shigematsu

Contact person: Title and name: Public Relations & IR Department General Manager, Soichi Ishitoya

Tel: (03) 5444-3915 (Public Relations & IR Department)

### **1. Preparation of Quarterly Financial Information**

- ① Application of simplified accounting methods : Yes; the substance is as follows:
- Income taxes were calculated using the annual predicted effective tax rate.
  - The annual planned depreciation and amortization were divided by month and the relevant amount was charged as the costs of depreciation and amortization for the relevant quarter.
- ② Any changes in accounting policies from the latest fiscal year: Yes
- Selling commissions traditionally deducted from sales are and will be posted as selling, general and administrative expenses from the current consolidated fiscal year.
- ③ Any changes in scope of consolidation and equity method of accounting : No

### **2. Summary of Results of Operations for the Three Months ended April 30, 2006**

**(February 1, 2006 through April 30, 2006)**

(1) Financial and Operating Results(Consolidated)

(Amounts smaller than a million yen are rounded down)

	Net Sales		Operating Profit		Ordinary Profit		Net Income	
	Million ¥	%	Million ¥	%	Million ¥	%	Million ¥	%
Q1 YTD, 2006	62,150	—	15,500	—	13,874	—	8,261	—
Q1 YTD, 2005	—	—	—	—	—	—	—	—
For the year ended January 31,2006	220,526	14.2	44,340	40.9	36,554	43.3	20,486	88.5

	Net Income per Share for the current quarter	Diluted Net Income per Share for the current quarter
	Yen & Sen	Yen & Sen
Q1 YTD, 2006	69.02	—
Q1 YTD, 2005	—	—
For the year ended January 31, 2006	195.61	—

(Notes) As disclosure of information on quarterly business performance has been standardized for the Company from the third quarter of FY2005, figures from the corresponding quarter of the previous year are not stated herein.

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

In the current first quarter, the economy in general remained steady with a clear upward trend despite causes for concern, such as the prolonged high price of crude oil and an increase in the cost of various materials due to continued economic expansion in the U.S.A., Southeast Asia and China. Domestically, enhanced corporate earnings, increased consumer spending and private capital investment, and an improved employment situation etc. were observed.

Meanwhile, the semiconductor market continued on course, supported by steady demand for digital appliances, such as personal computers, mobile phones, LCD TVs and portable music players etc. As a result, in the silicon wafer industry, demand for 300mm wafers has remained at a high level and has also been influenced by the establishment of a number of new product lines by semiconductor manufacturers.

Under these market conditions, our company group has been implementing an aggressive capital investment strategy by constructing a mass production capacity for 300mm wafers with the aim of establishing ourselves as the leading silicon wafer manufacturer globally. We have developed a monthly production capacity of over 400,000 wafers at the end of this current quarter. Furthermore, we are planning to continually accelerate the speed of increase of our production capacity for 300mm wafers in the future.

As a result of the above strategy, our performance continues to return higher profits than originally forecasted with net sales of 62,150 million yen, an ordinary profit of 13,874 million yen and a net income of 8,261 million yen for the current quarter.

#### (2) Change in Financial Situation (Consolidated)

(Amounts smaller than a million yen are rounded down)

	Total Asset	Shareholders' Equity	Shareholders' Equity Ratio	Shareholders' Equity per share
	Million yen	Million yen	%	Yen & Sen
Q1 YTD, 2006	363,438	167,535	46.1	1,399.63
Q1 YTD, 2005	—	—	—	—
For the year ended January 31, 2006	351,934	161,680	45.9	1,350.41

(Notes) As disclosure of information on quarterly business performance has been standardized from the third quarter of FY2005, 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
Q1 YTD, 2006	11,071	△12,707	△2,927	25,605
Q1 YTD, 2005	—	—	—	—
For the year ended January 31, 2006	62,895	△52,699	5,835	30,152

(Notes) As disclosure of information on quarterly business performance has been standardized from the third quarter of FY2005, 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 first quarter rose to 363,438 million yen, an increase of 11,504 million yen compared with the end of previous consolidated fiscal year. This increase was mainly due to an increase in net property, plant and equipment of 10,676 million yen.

Total liabilities rose to 195,685 million yen, an increase of 5,601 million yen compared with the end of previous consolidated fiscal year. This increase was due to an increase of 6,911 million yen for accounts payable for equipment etc.

Also, total shareholder's equity rose to 167,535 million yen, an increase of 5,854 million yen compared with the end of previous consolidated fiscal year. The ratio of shareholder's equity to total assets rose to 46.1%, an improvement of 0.2% from 45.9% at the end of previous consolidated fiscal year.

##### ② Cash Flow

Cash and cash equivalents at the end of the current first quarter declined to 25,605 million yen, a decrease of 4,547 million yen compared with the end of the previous consolidated fiscal year. The reason for the decline is that although cash flow from operating activities (11,071 million yen) resulted mainly from good current business performance, cash flow from investing activities was negative at 12,707 million yen due to capital expenditure enlarging the production capacity for 300mm wafers etc., and cash flow from financing activities was negative at 2,927 million yen due to dividend payments etc.

### 3. Business Result Forecast for Fiscal Year 2006 (Consolidated)

(February 1, 2006 through January 31, 2007)

We have not revised our business forecast.

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## (SUMMARY)

## FIRST QUARTER CONSOLIDATED BALANCE SHEETS (UNAUDITED)

January 31 and April 30, 2006

(millions of yen)

	April 30, 2006	January 2006
(Assets)		
I Current assets	( 128,434 )	( 126,771 )
Cash and Time deposits	26,605	31,152
Notes and accounts receivable, trade	53,650	51,283
Inventories	42,765	40,015
Other current assets	5,413	4,320
II Fixed assets	( 235,004 )	( 225,162 )
Tangible fixed assets	204,824	194,147
Intangible fixed assets	19,913	20,492
Investments and other assets	10,266	10,521
Total assets	363,438	351,934
(Liabilities)		
I Current liabilities	( 125,887 )	( 113,725 )
Notes and accounts payable, trade	17,847	16,609
Short-term borrowings	67,505	60,569
Current portion of long-term payable for capital lease	2,612	3,691
Accounts payable for equipment	20,407	13,496
Others current liabilities	17,514	19,359
II Fixed liabilities	( 69,797 )	( 76,358 )
Long-term borrowings	48,754	54,462
Long-term payable for capital lease	7,727	8,536
Other long-term liabilities	13,314	13,359
Total liabilities	195,685	190,083
(Minority interests)		
Minority interests	218	170
(Shareholders' Equity)		
Capital stock	82,173	82,173
Capital surplus	46,376	46,376
Retained earnings	38,317	32,486
Revaluation reserve for land	2,252	2,252
Net unrealized gain on available-for-sale securities	46	46
Foreign currency translation adjustments	△1,632	△1,656
Treasury stock	△0	△0
Total Shareholders' equity	167,535	161,680
Total liabilities, minority interests and shareholders' equity	363,438	351,934

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## (SUMMARY)

## FIRST QUARTER CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

Years ended January 31, 2006 and three months ended April 30, 2006

(millions of yen)

	Three months Ended April 30, <u>2006</u>	Years Ended January 31, <u>2006</u>
I Net Sales	62,150	220,526
II Cost of sales	40,924	156,414
Gross profit	21,226	64,112
III Selling, general and administrative expenses	5,725	19,771
Operating profit	15,500	44,340
IV Non-operating income	( 182 )	( 472 )
Interest and dividend income	68	86
Others	114	385
V Non-operating income	( 1,808 )	( 8,258 )
Interest expense	753	3,484
Foreign exchange loss	722	1,905
Others	332	2,867
Ordinary income	13,874	36,554
VI Extraordinary gain	—	—
VII Extraordinary loss	—	1,514
Income before income taxes and minority interests	13,874	35,039
Income taxes	5,565	14,448
Minority interests	48	103
Net income	8,261	20,486

(Changes in accounting policies from the latest fiscal year)

Selling commissions traditionally deducted from sales are and will be posted as selling, general and administrative expenses from the current consolidated fiscal year. In the result net sales, gross profit, Selling, general and administrative expenses are increased by 660 million yen, respectively, compared with the values that would be recorded if a conventional accounting method was applied.

The operating profits value is not affected.

(3)

## (SUMMARY)

## FIRST QUARTER CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

Years ended January 31, 2006 and three months ended April 30, 2006

(millions of yen)

	Three months Ended April 30, 2006	Years Ended January 31, 2006
I Operating activities		
Income before income taxes and minority interests	13,874	35,039
Depreciation and amortization	9,014	35,251
Amortization of consolidation goodwill	234	938
Increase or decrease in notes and accounts receivable, trade (increase is shown with $\Delta$ )	$\Delta$ 2,363	$\Delta$ 7,575
Increase or decrease in inventories (increase is shown with $\Delta$ )	$\Delta$ 2,782	$\Delta$ 1,305
Increase or decrease in notes and accounts payable, trade (decrease is shown with $\Delta$ )	1,222	$\Delta$ 1,530
Others	1,904	6,845
Sub total	21,104	67,663
Interest and dividend received	69	85
Interest paid	$\Delta$ 532	$\Delta$ 3,556
Income taxes paid	$\Delta$ 9,569	$\Delta$ 1,296
Net cash provided by operating activities	11,071	62,895
II Investing activities		
Payments for purchases of tangible and intangible fixed assets	$\Delta$ 12,800	$\Delta$ 53,615
Others	93	915
Net cash used in investing activities	$\Delta$ 12,707	$\Delta$ 52,699
III Financing activities		
Net increase or decrease in short-term borrowings (decrease is shown with $\Delta$ )	$\Delta$ 20	$\Delta$ 18,739
Proceeds from long-term borrowings	4,698	1,000
Repayments of long-term borrowings	$\Delta$ 3,413	$\Delta$ 33,097
Repayments of long-term payable for capital lease	$\Delta$ 1,798	$\Delta$ 3,519
Proceeds from issuance of capital stock	—	60,192
Dividend paid	$\Delta$ 2,393	—
Payments for purchase of treasury stock	$\Delta$ 0	$\Delta$ 0
Net cash provided by (used in) financing activities	$\Delta$ 2,927	5,835
IV Foreign currency translation adjustments on cash and cash equivalents	16	120
V Increase or decrease in cash and cash equivalents (decrease us shown with $\Delta$ )	$\Delta$ 4,547	16,150
VI Cash and cash equivalents at beginning of period	30,152	14,001
VII Cash and cash equivalents at end of period	25,605	30,152