

FY2011 2Q Financial Results and FY2011 Forecasts

DISCO CORPORATION

DISCLAIMER

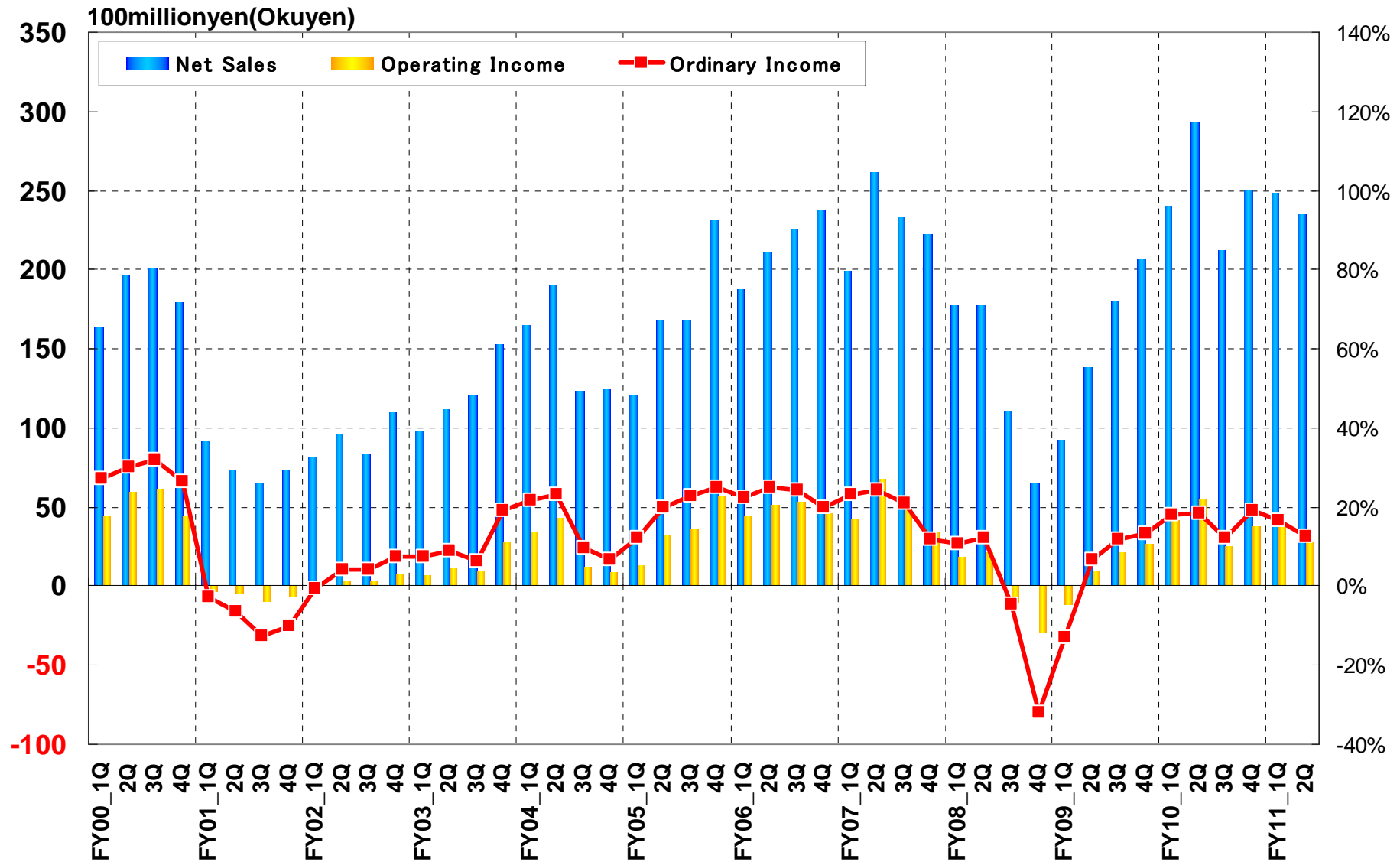
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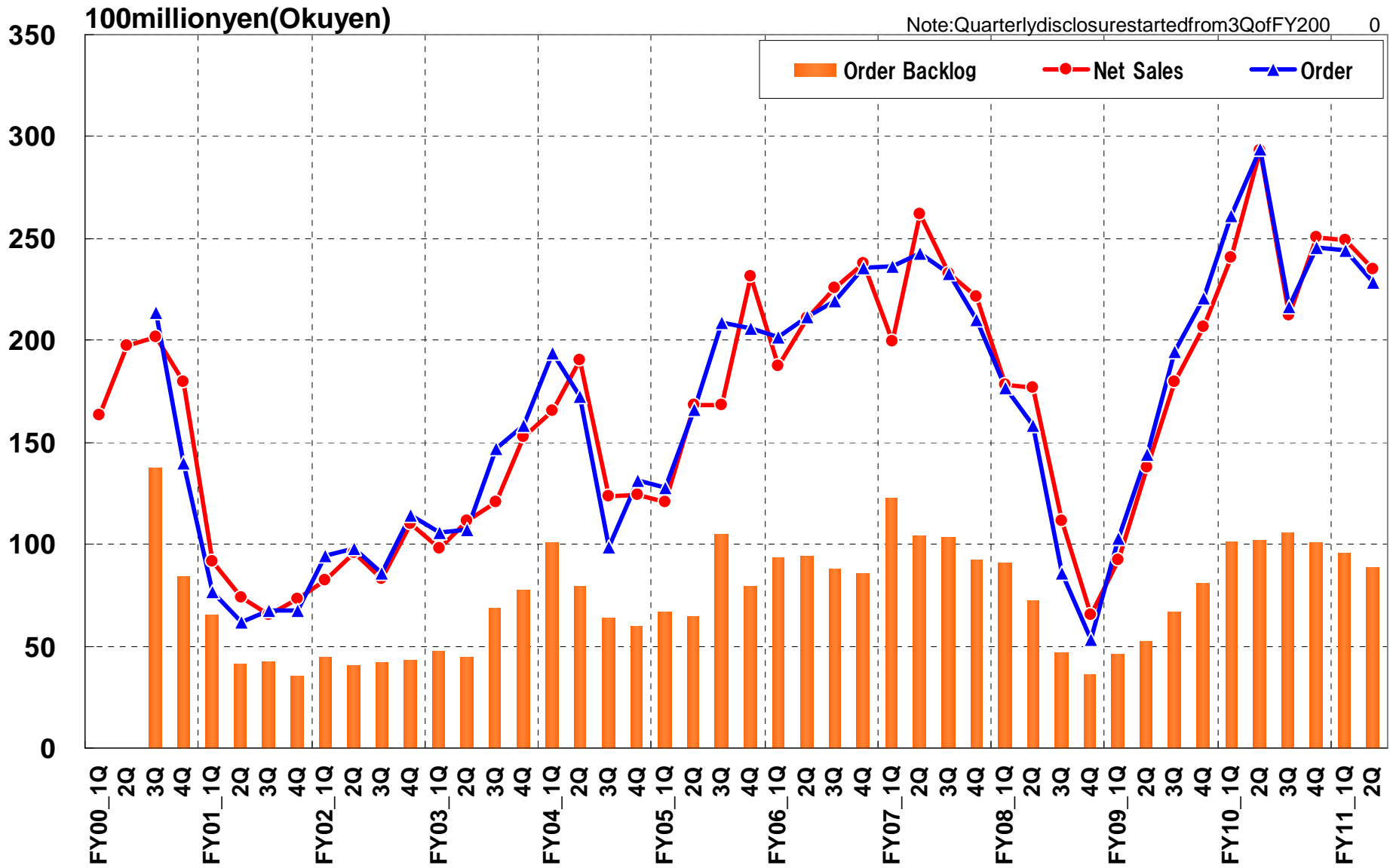
FY2011 2Q Earnings Results

Millions of Yen	FY2011 1Q	FY2011 2Q	Amount	(%)
Sales	24,907	23,529	-1,378	-5.5%
Gross profit	11,705	10,770	-935	-8.0%
Gross profit margin	47.0%	45.8%	-1.2p	-
SGA	7,629	7,946	317	4.2%
Operating Income	4,076	2,824	-1,252	-30.7%
Ordinary Income	4,155	2,954	-1,201	-28.9%
Ordinary Income Margin	16.7%	12.6%	-4.1p	-
Net Income before Tax	4,163	2,917	-1,246	-29.9%
Net Income	2,513	2,216	-297	-11.8%
Depreciation	1,355	1,443	88	6.5%
R&D expense	2,252	2,531	279	12.4%

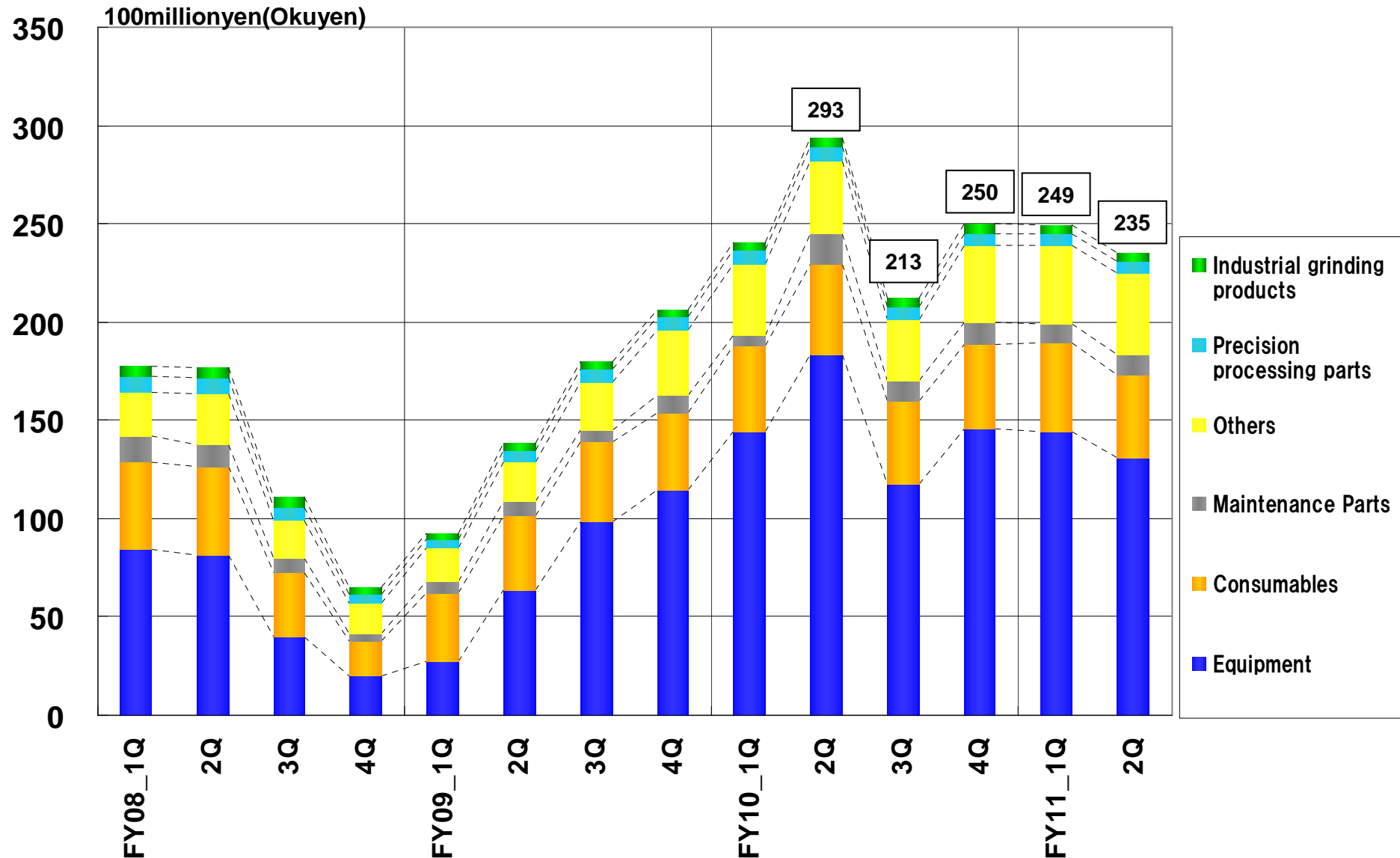
Quarterly Consolidated Financial Results



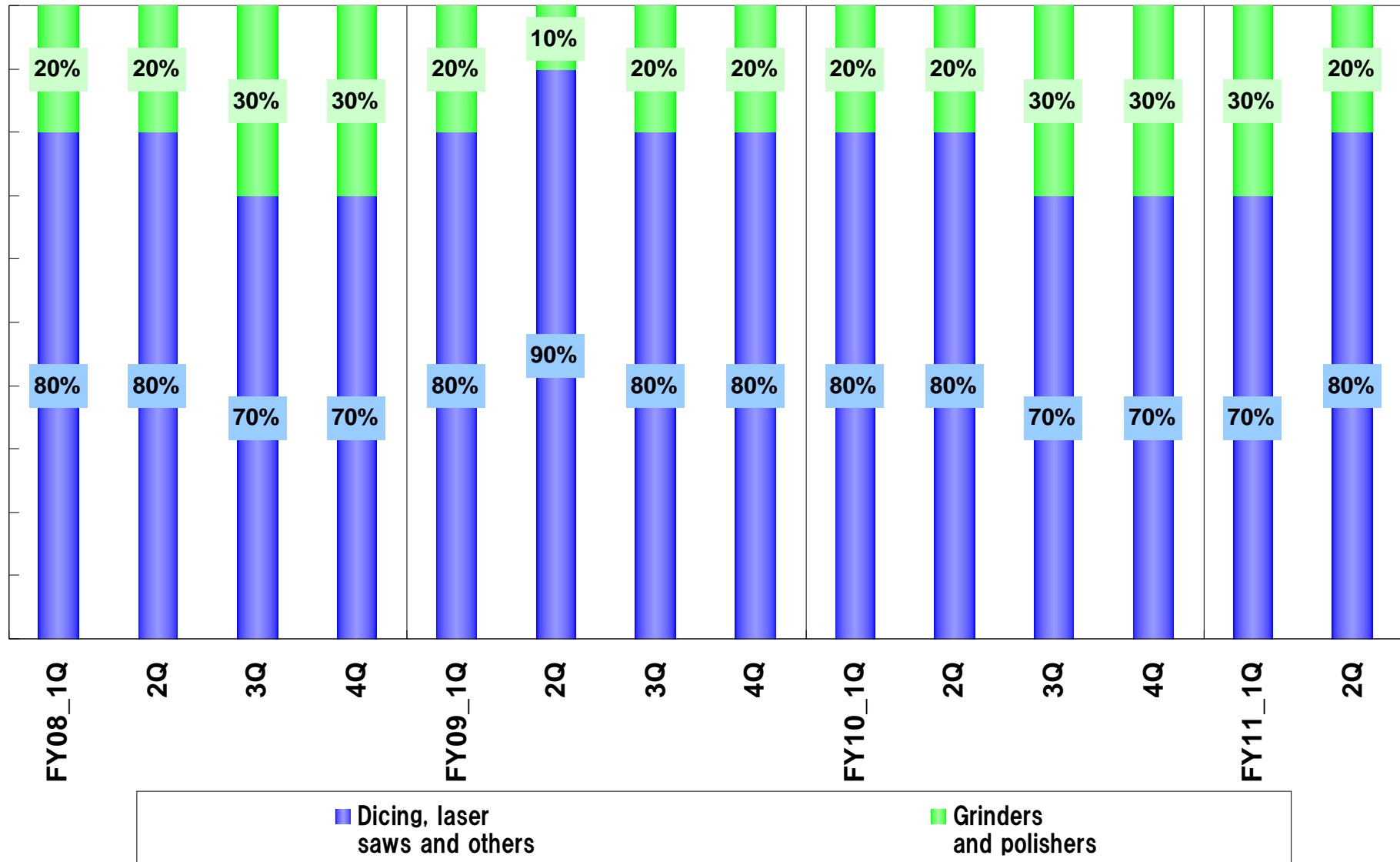
Quarterly Sales/Orders



Consolidated Quarterly Sales Breakdown by Product

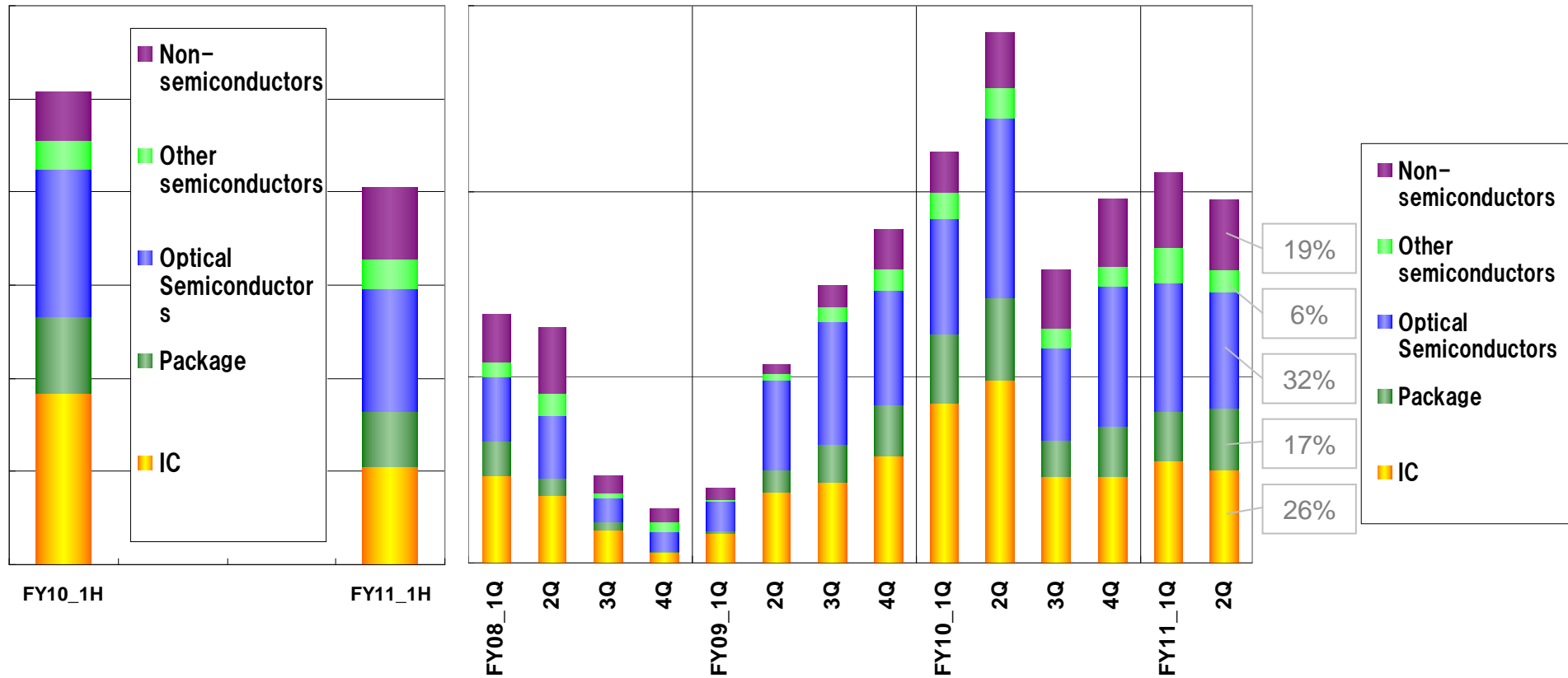


Quarterly Equipment Sales Breakdown



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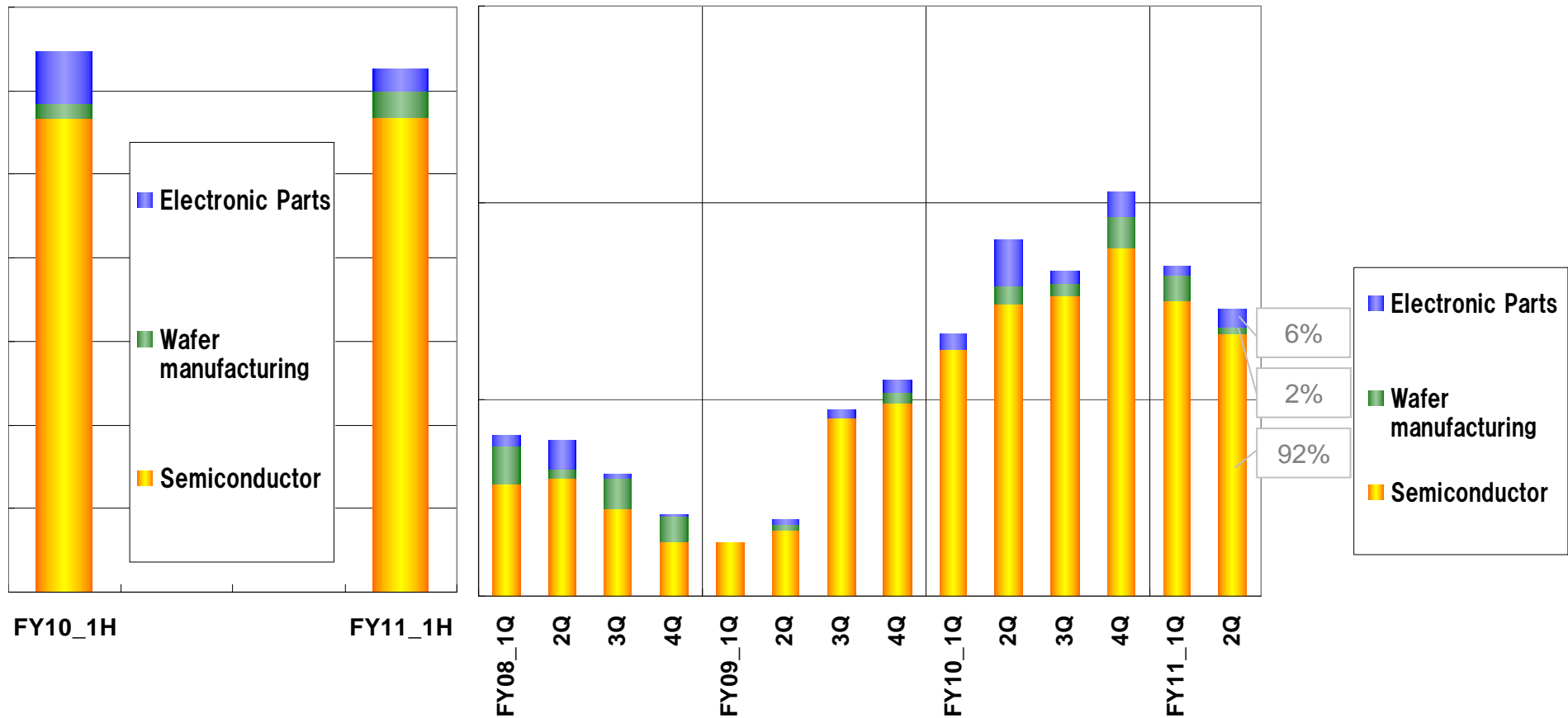
*Cutting and dicing saws include blade dicers and lasersaws



Equipment, Non-consolidated
Grinders and Polishers* Sales Breakdown by Application

YoY

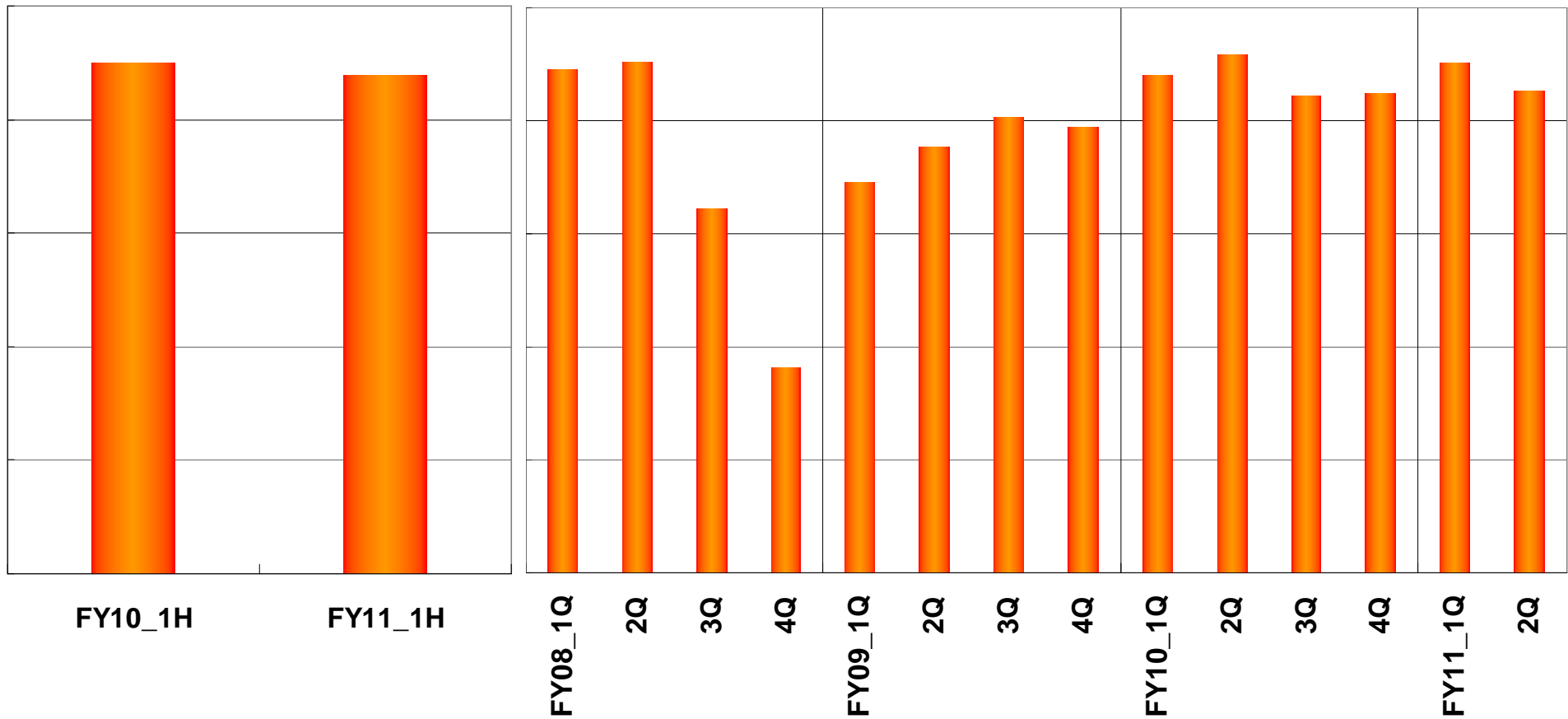
*Grinders and polishers also includes surface planer sandgrinder/polishers



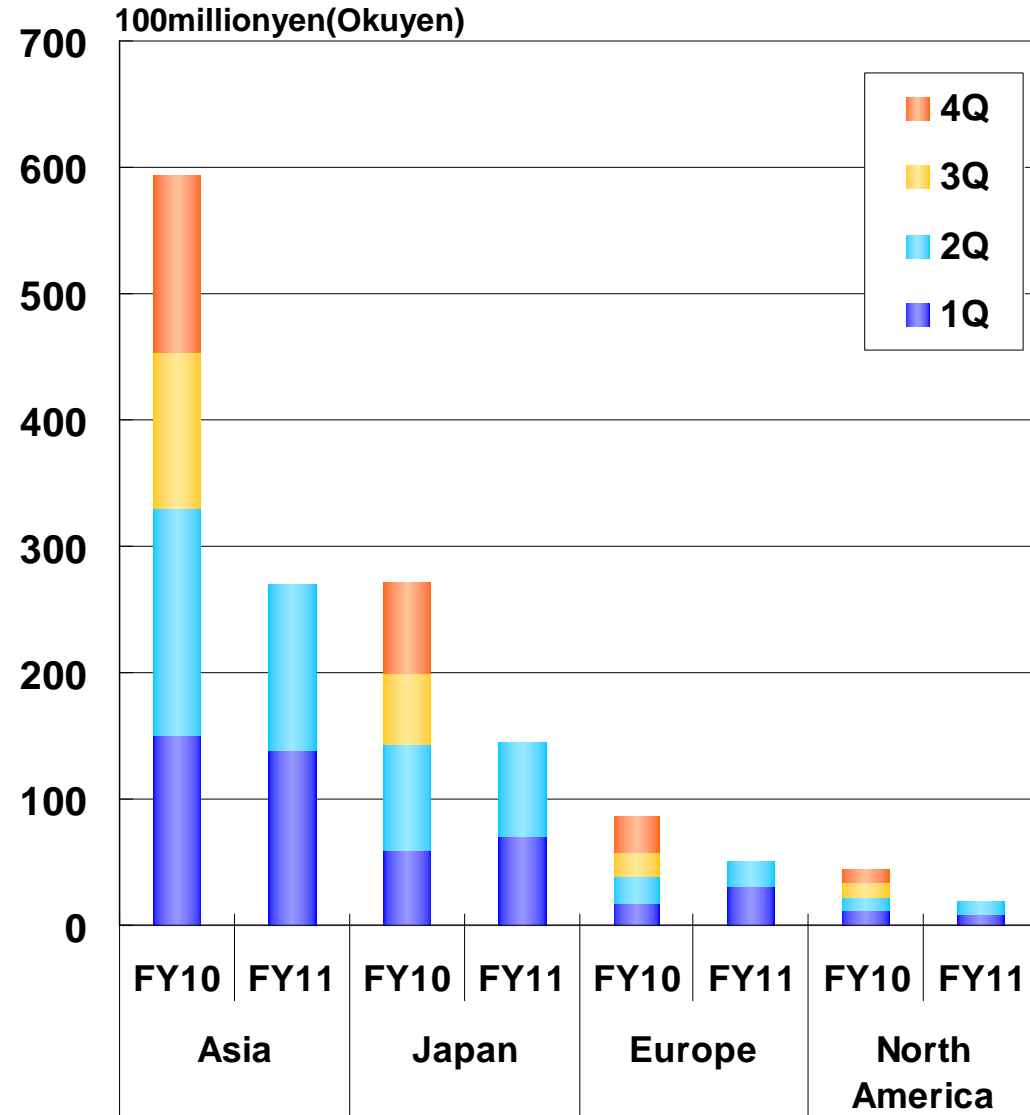
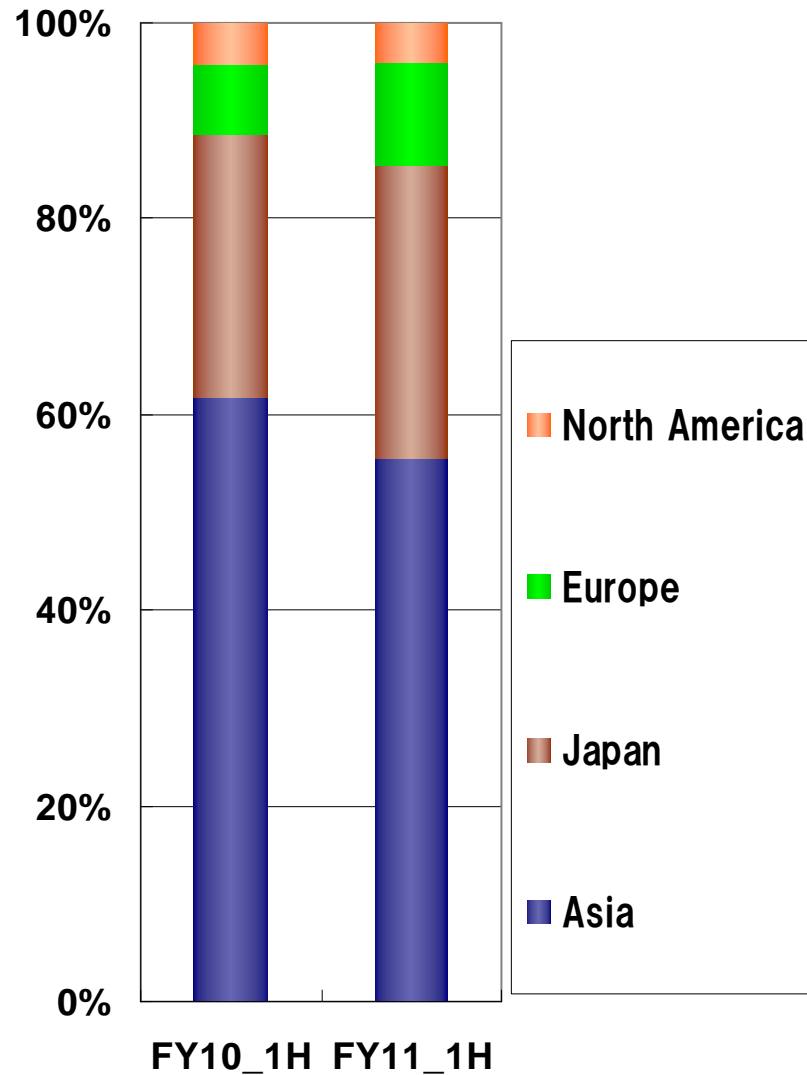
Consolidated
Consumables*Sales

*Consumables includedicingblades, grindingwheels ,anddry polishingwheels,etc.

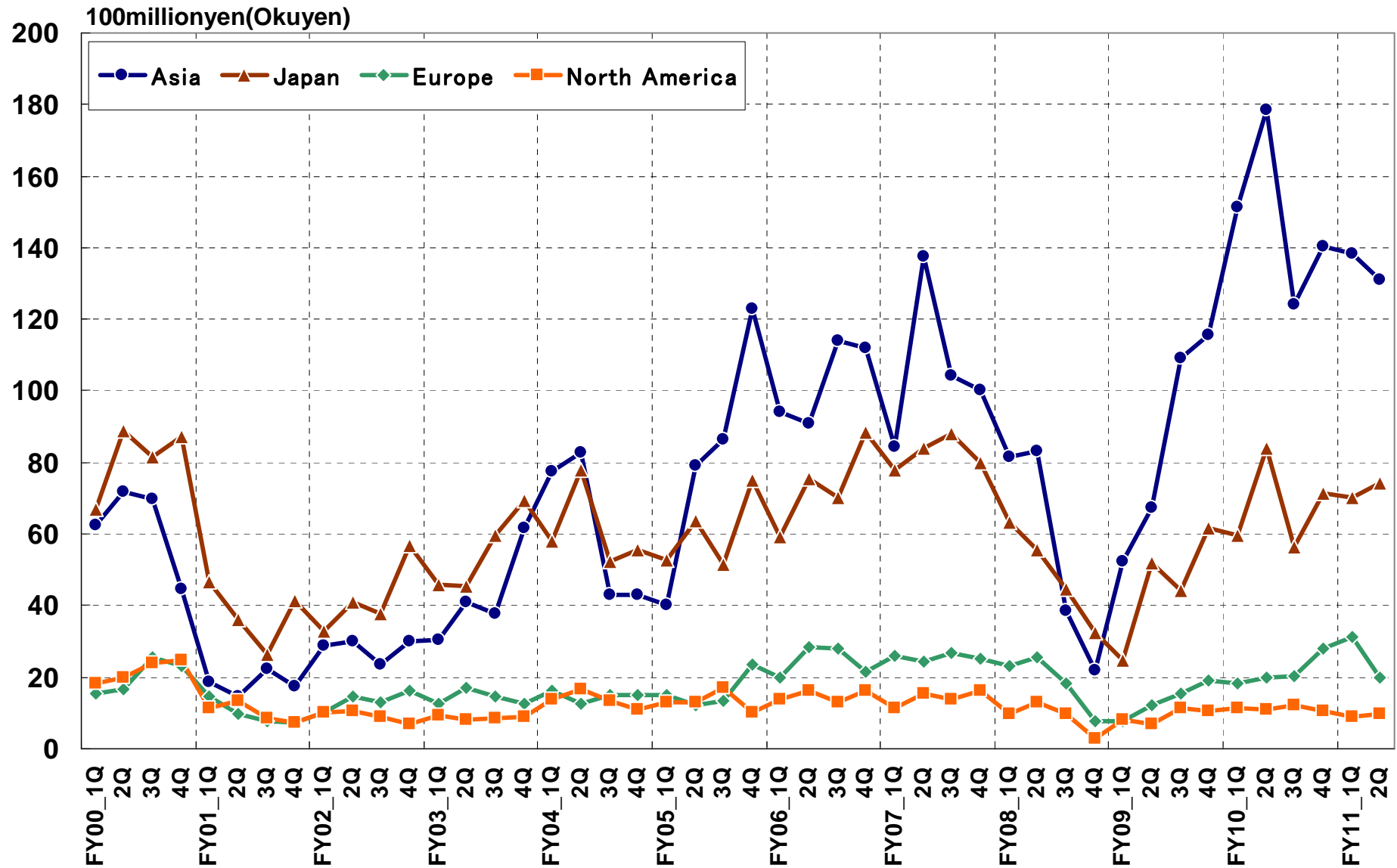
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Sales Breakdown by Region



Quarterly Regional Sales



BalanceSheet(Summary)

Millionsofyen	FY2010 4Q	FY2011 2Q	Amount
Current Assets	77,778	77,945	167
Cash and cash equivalents	20,314	22,368	2,054
Notes and account receivable	28,322	25,456	-2,866
Inventories	23,777	26,832	3,055
Fixed Assets	61,444	62,073	629
fixed assets	54,283	53,929	-354
Total Assets	139,240	140,034	794
Total Liabilities	41,606	39,731	-1,875
Current Liabilities	29,355	27,507	-1,848
Fixed Liabilities	12,251	12,224	-27
Net assets	97,633	100,303	2,670
Shareholders' Equity ratio (%)	69.4%	70.9%	+1.5p
Liabilities and shareholders' Equity	139,240	140,034	794

CashFlow(Summary)

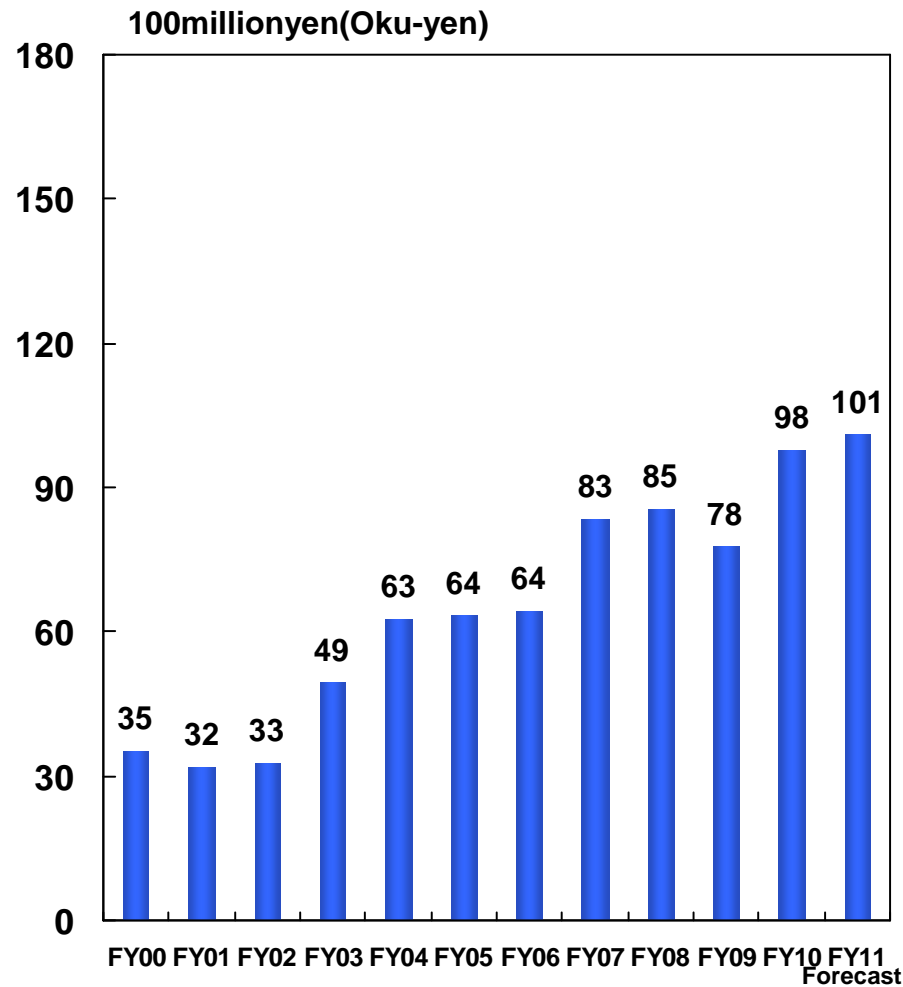
Millions of Yen	FY2010 1H	FY2011 1H	Amount
Cash flows from operating activities	9,295	8,268	-1,027
Net income before tax	9,589	7,081	-2,508
Depreciation	2,830	2,799	-31
debt	-5,942	1,497	7,439
Others	2,818	-3,109	-5,927
Cash flows from investing activities	-1,700	-3,887	-2,187
Purchase of property, plant and equipment	-3,989	-3,120	869
Others	2,289	-767	-3,056
Cash flows from financing activities	-2,832	-1,449	1,383
Repayment of long-term loans payable	-3,000	-124	2,876
shareholders	-337	-1,345	-1,008
Others	505	20	-485
Free cash flow	7,594	4,381	-3,213
equivalents	4,371	2,097	-2,274
end of period	19,618	21,928	2,310

FY2011 Full-Year Earning Forecast

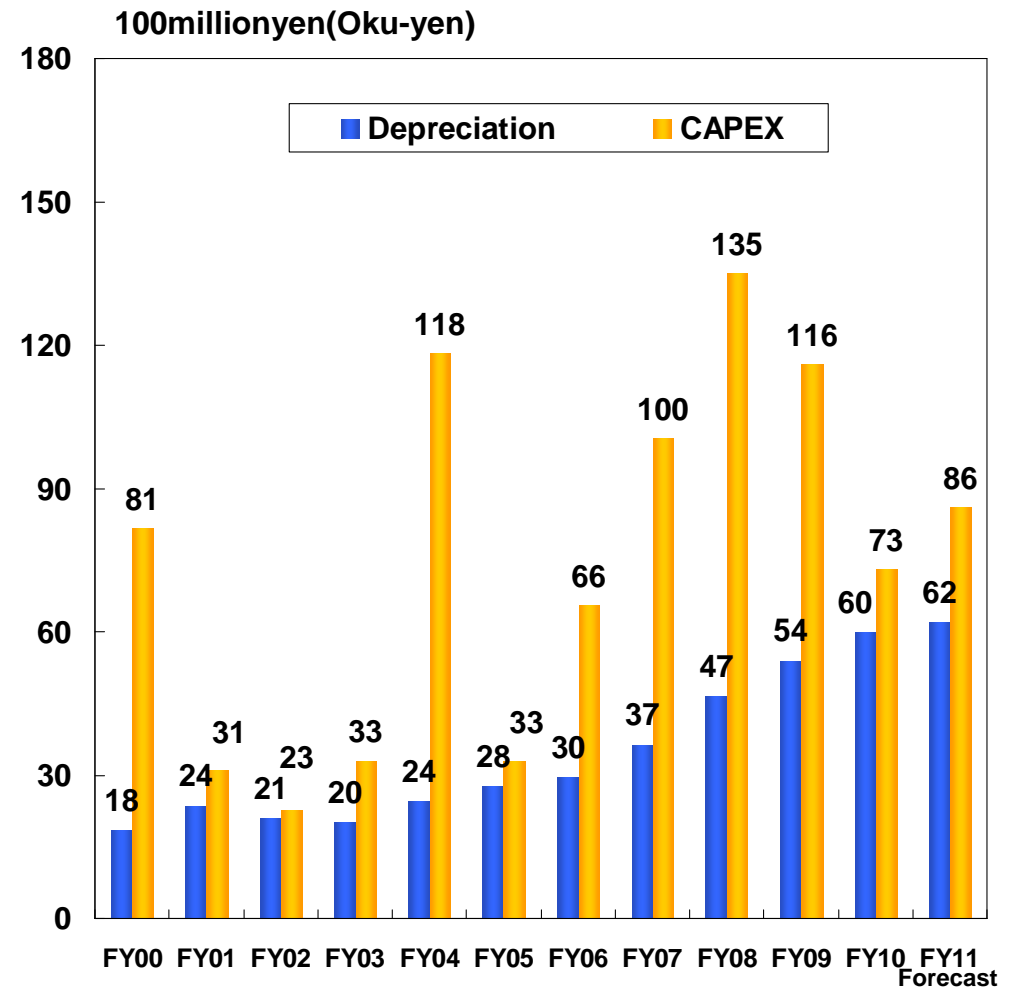
100millionyen(Oku-yen)	FY2011					Reference	
	1Q Actual	2Q Actual	1H Actual	2H Forecast	FullYear Forecast	Previousforecast (FullYear)	△
Net Sales	249	235	484	409	893	971	-78
Operating Income	41	28	69	32	101	142	-41
Ordinary Income	42	30	71	32	103	143	-40
Ordinary Income Margin	16.7%	12.6%	14.7%	7.8%	11.5%	14.7%	-3.2p
Net Income	25	22	47	16	63	91	-28
CAPEX	22	10	32	54	86	84	2
Depreciation	14	14	28	34	62	65	-3
R&D expense	23	25	48	53	101	99	2

Consolidated R&D/CAPEX Forecast

R&D Expense



Depreciation/CAPEX



Dividend Policy and Dividend Payment

(Yen)

FY2011	Intermediate dividend	Year-end dividend	Annual dividend
Previous forecast	27	28	55
Revised forecast	29	10	39
Δ	2	-18	-16

(Reference)

FY2010	Intermediate dividend	Year-end dividend	Annual dividend
Actual	25	40	65

Dividend Policy

- Partial changes resulting from decision taken by the Board of Directors at a meeting held on February 23, 2011
- There will be interim and final dividends, each of which will be equivalent to 20% of half-yearly consolidated net income.
 - The stable dividend will remain at ¥10 per half-year (¥20 per year), unless there have been consolidated net losses in three successive years.
 - If the consolidated ordinary income margin reaches 24% of consolidated net income will be applied, and the difference from the interim dividend will be a ratio of 20% on a four-year cumulative basis, a dividend payment ratio of the difference from the interim dividend will be adjusted through the final dividend.
 - Except when there is a loss, if the year-end balance of cash and deposits after payment of dividends and income taxes is greater than projected funding requirements*, we aim to add one-third of that surplus to dividends, in addition to item 1 above.
- *The amount required for the acquisition of technology resources, such as through patent purchases and investment in venture businesses, facility expansion, retirement of interest-bearing debt and other purposes.

DISCO

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