

FY2011 Financial Results and FY2012 Forecasts

DISCO CORPORATION

DISCLAIMER

Statements in this PowerPoint with respect to DISCO are forward-looking statements about the future performance of DISCO. These statements are based on management's assumptions and beliefs in light of the information currently available to it and they do not represent a guarantee of future performance. You should not place undue reliance on them.

DISCO cautions you that a number of important factors could cause actual results to differ materially from those discussed in the forward-looking statements, and you should not make a decision on your investment thoroughly based on these statements. Such factors include, but not limited to, (i) general economic conditions and level of demand in DISCO's markets; (ii) developments in technology and resulting changes in semiconductor and/or electronic component manufacturing process; (iii) level of capital investment for manufacturing semiconductor and/or electronic components; (iv) expansion of the area for products and technologies using semiconductor and/or electronic components and its expanding speed; (v) DISCO's ability to continue to offer products and services corresponding to developments of new semiconductor and/or electronic components and new technologies for manufacturing them; (vi) exchange rates, particularly between the yen, the U.S. dollar, and the euro, and other currencies.

FY2011 Financial Results

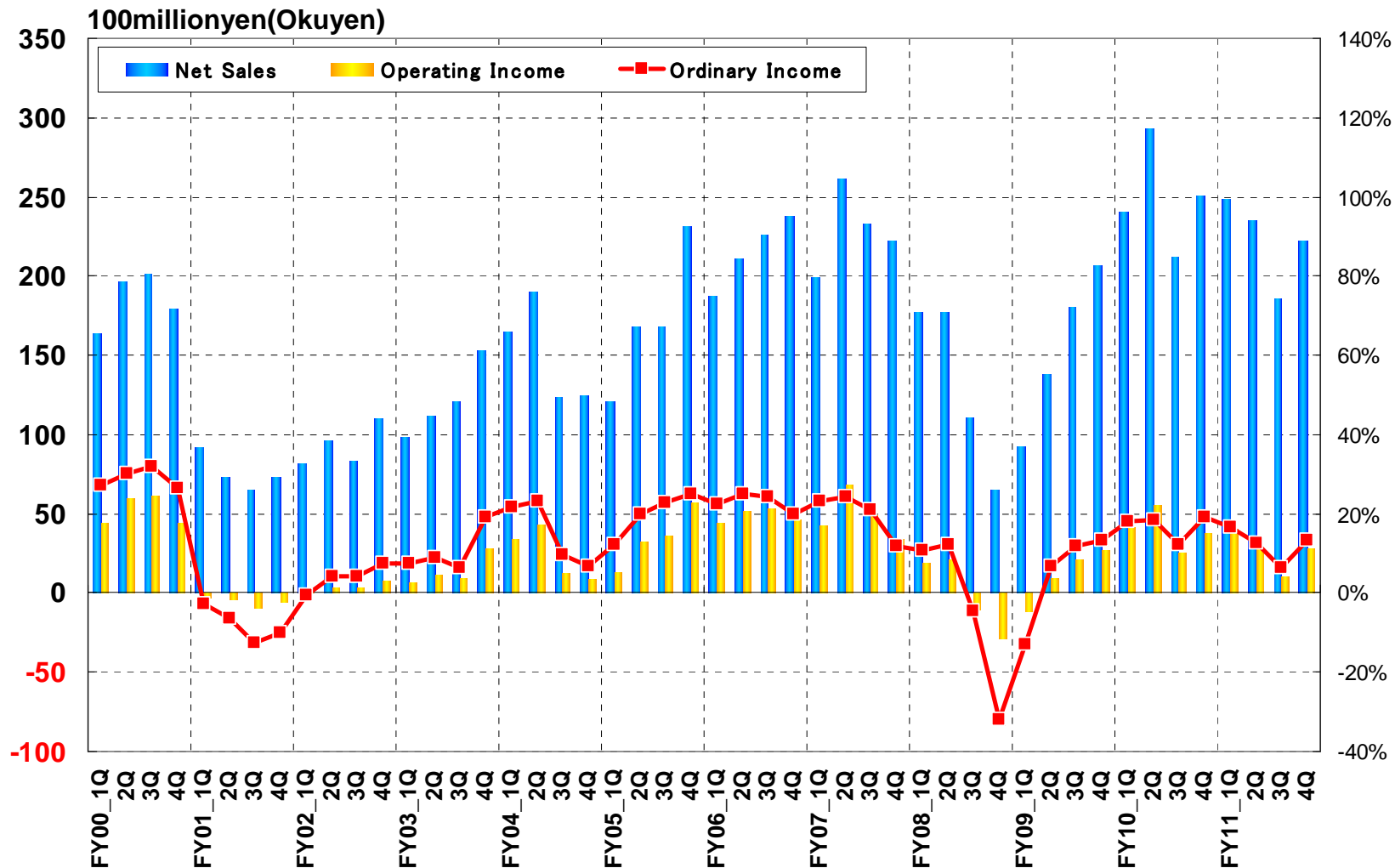
FY2011 Earnings Results

(April 1, 2011 through March 31, 2012)

Millions of Yen	FY2010 1-4Q	FY2011 1-4Q	Amount	(%)
Sales	99,700	89,241	-10,459	-10.5%
Gross profit	46,925	41,606	-5,319	-11.3%
Gross profit margin	47.1%	46.6%	-0.5p	-
SGA	31,009	30,944	-65	-0.2%
Operating Income	15,915	10,661	-5,254	-33.0%
Ordinary Income	17,190	11,237	-5,953	-34.6%
Ordinary Income Margin	17.2%	12.6%	-4.6p	-
Net Income before Tax	16,569	11,102	-5,467	-33.0%
Net Income	10,945	7,195	-3,750	-34.3%
EPS (yen)	325.59	213.56	-112.03	-

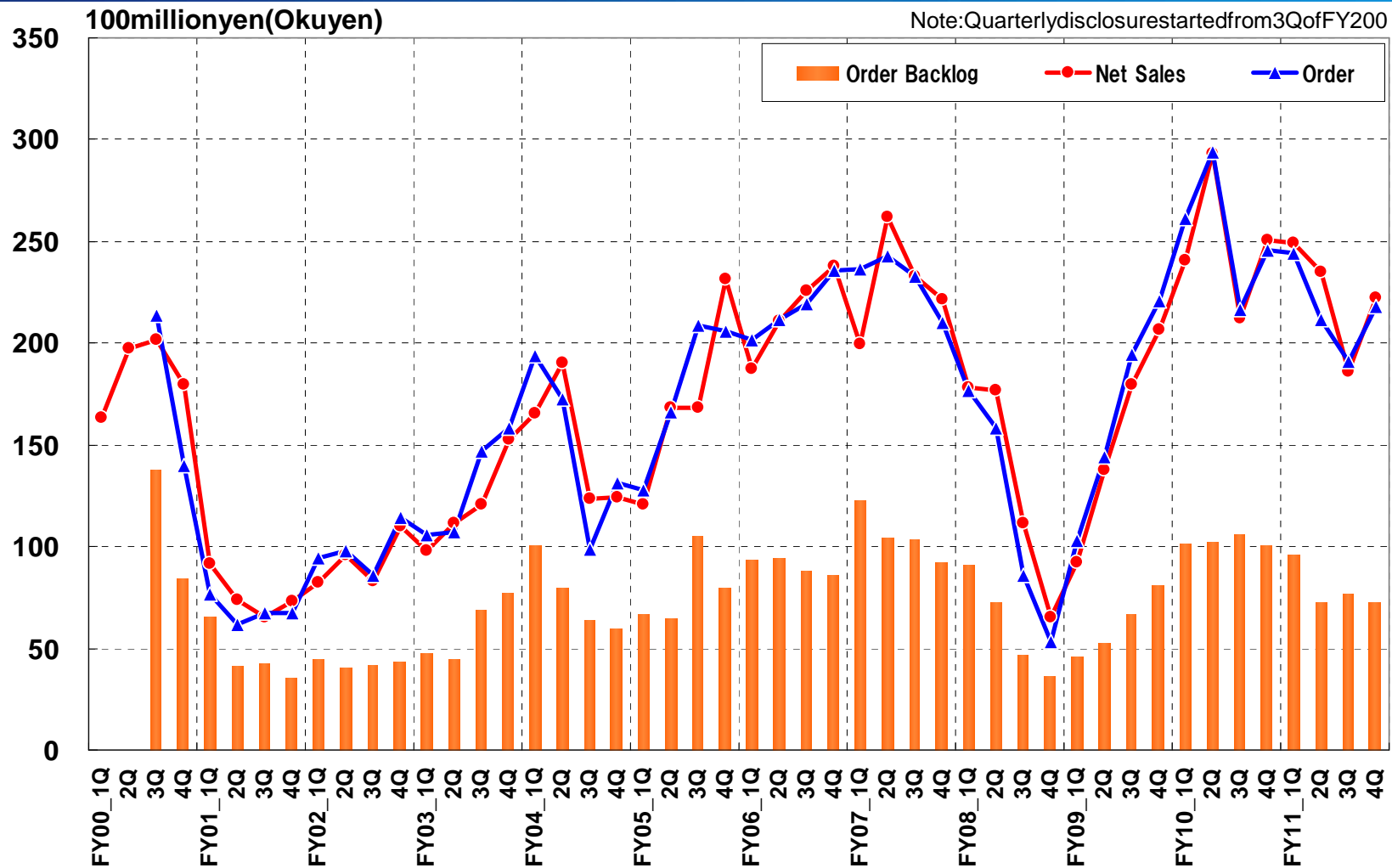
- Net sales fell by 10% compared to FY10 when we achieved our highest sales record. Despite this, FY11 saw us achieve our third highest sales level on record.
- There was less demand for laser saws for LEDs, which contributed greatly to FY10 sales. However, sales for smartphone related devices remained firm through the year.
- Despite the negative impact of the strong yen, there was little impact on the GP ratio.
- We maintained high levels of R&D expenses and operating income margin reduced by 33% YoY.

Quarterly Consolidated Financial Results



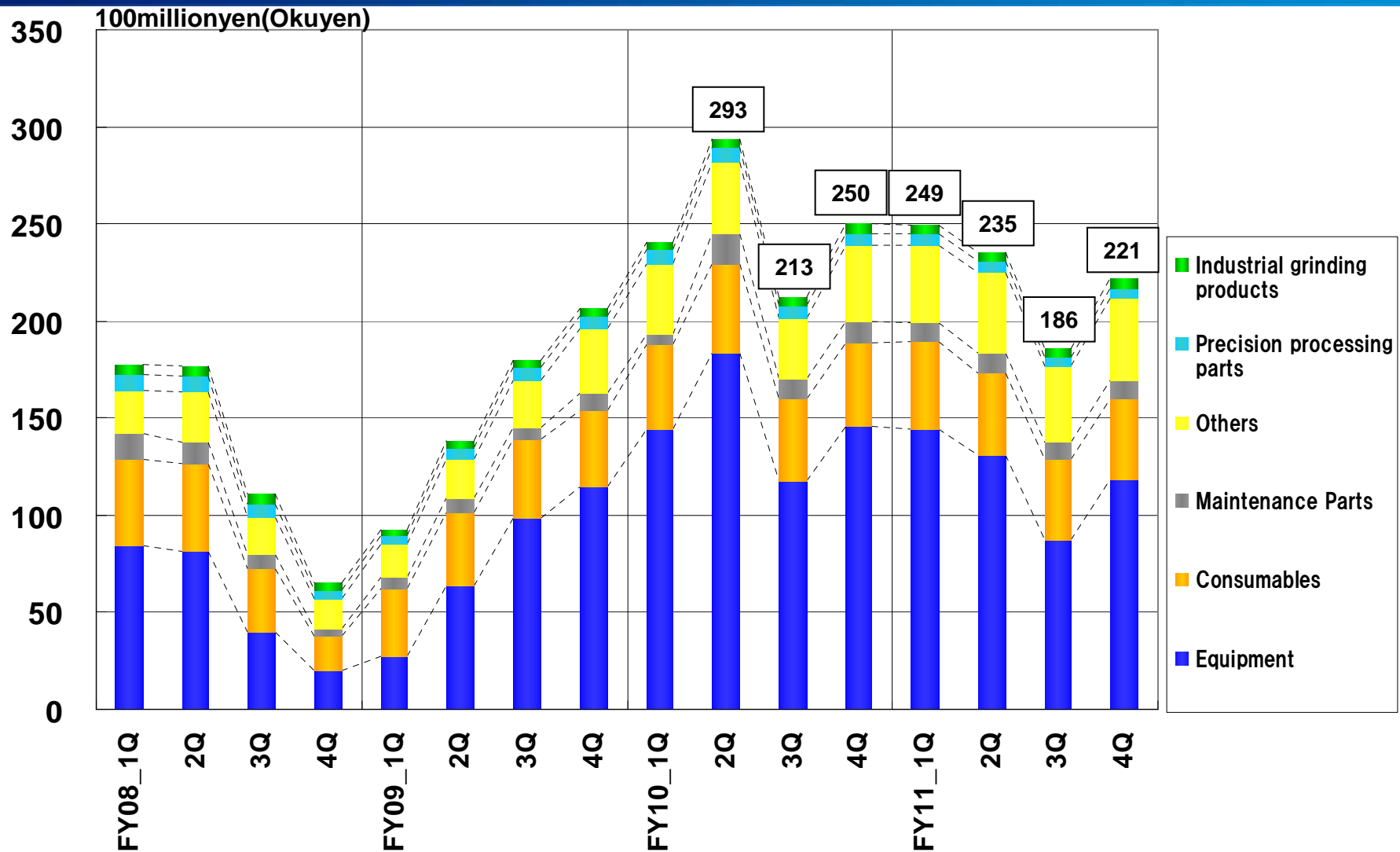
- Steady sales amount for FY11 1H fell sharply in 3Q due to inventory adjustments in the end products market.
- 4Q saw a resurgence in capital investment by some semiconductor manufacturers, resulting in a large boost for sales compared to the previous quarter.

Quarterly Sales/Orders



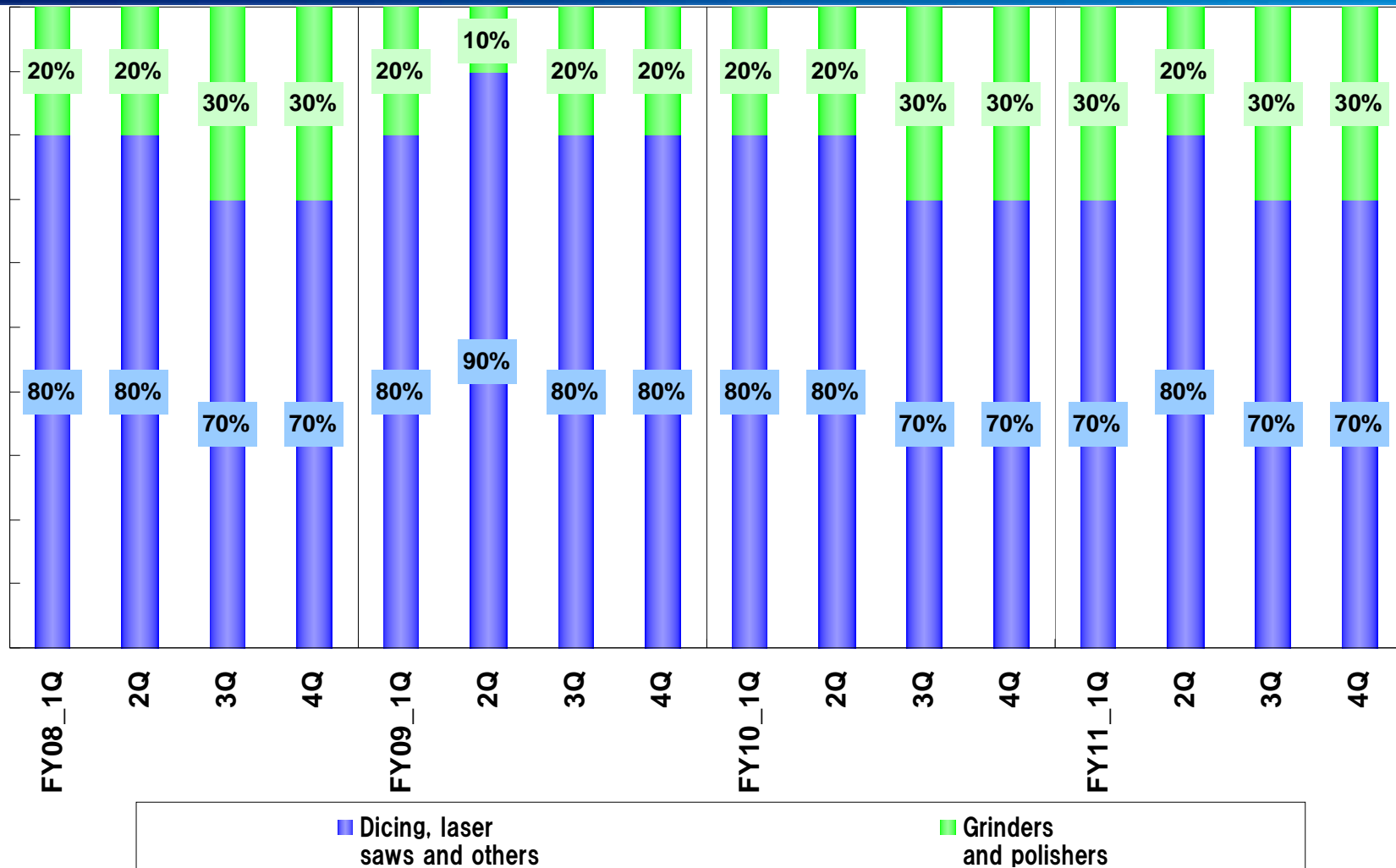
- 4Q orders, amounting to 21,800 million yen, rose by 14% by QoQ from an inflow of inquiries in late March
- The order backlog decreased slightly by QoQ, to ¥ 7,300 million.

Consolidated Quarterly Sales Breakdown by Product



- 4Q sales of precision processing equipment recovered QoQ by 35% and contributed more than 50% of total sales.
- The QoQ increase in sales for other product categories remained at 5% - 10%, with a slight decrease in their composition ratio.

Quarterly Equipment Sales Breakdown

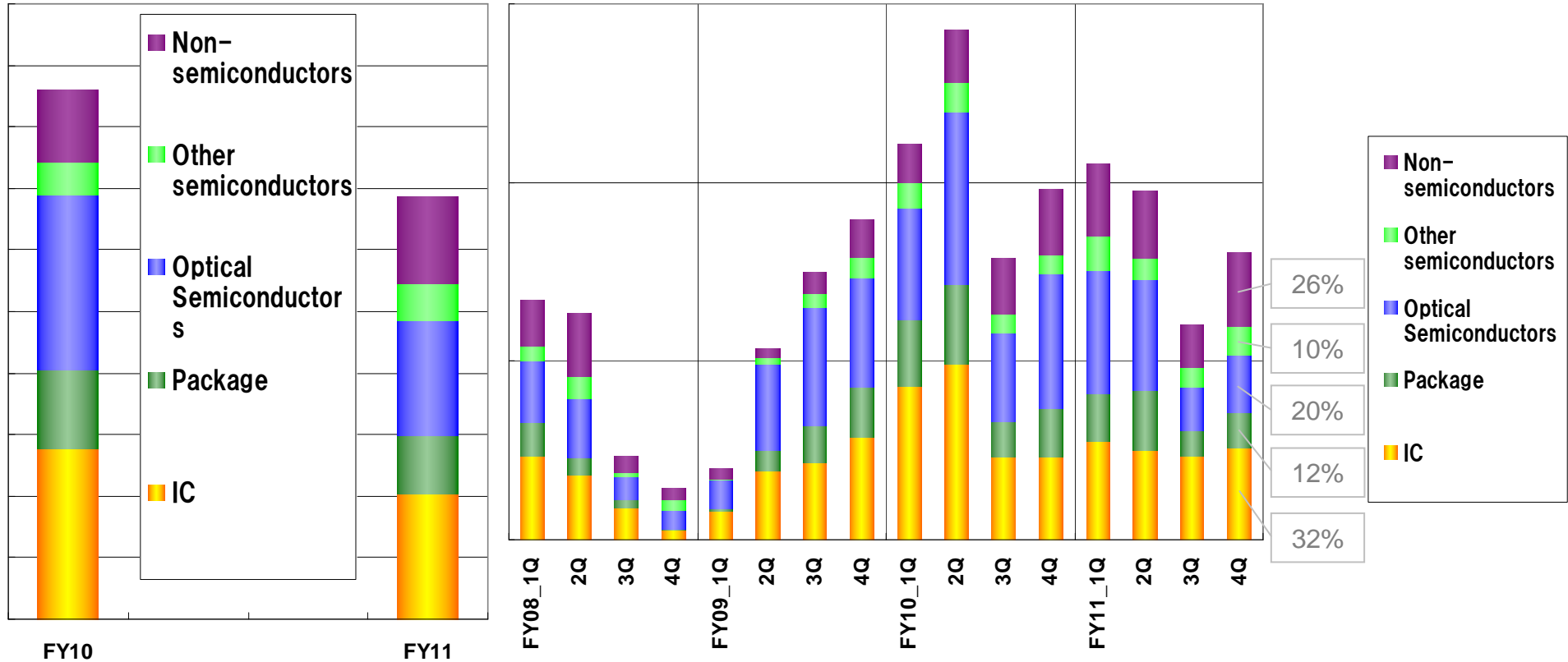


- Because both sales of dicing saws and grinding and polishing equipments recovered in FY11 4Q, dicing saws and grinders remained at 70% and 30% respectively.
- In the precision cutting equipment category shipments, dicing saws and laser saws accounted for 80% and 20% in 4Q.

Equipment, Non-consolidated
Cutting and Dicing Saws* Sales Breakdown by Application

*Cutting and dicing saws include bladed dicers and laser saws

YoY

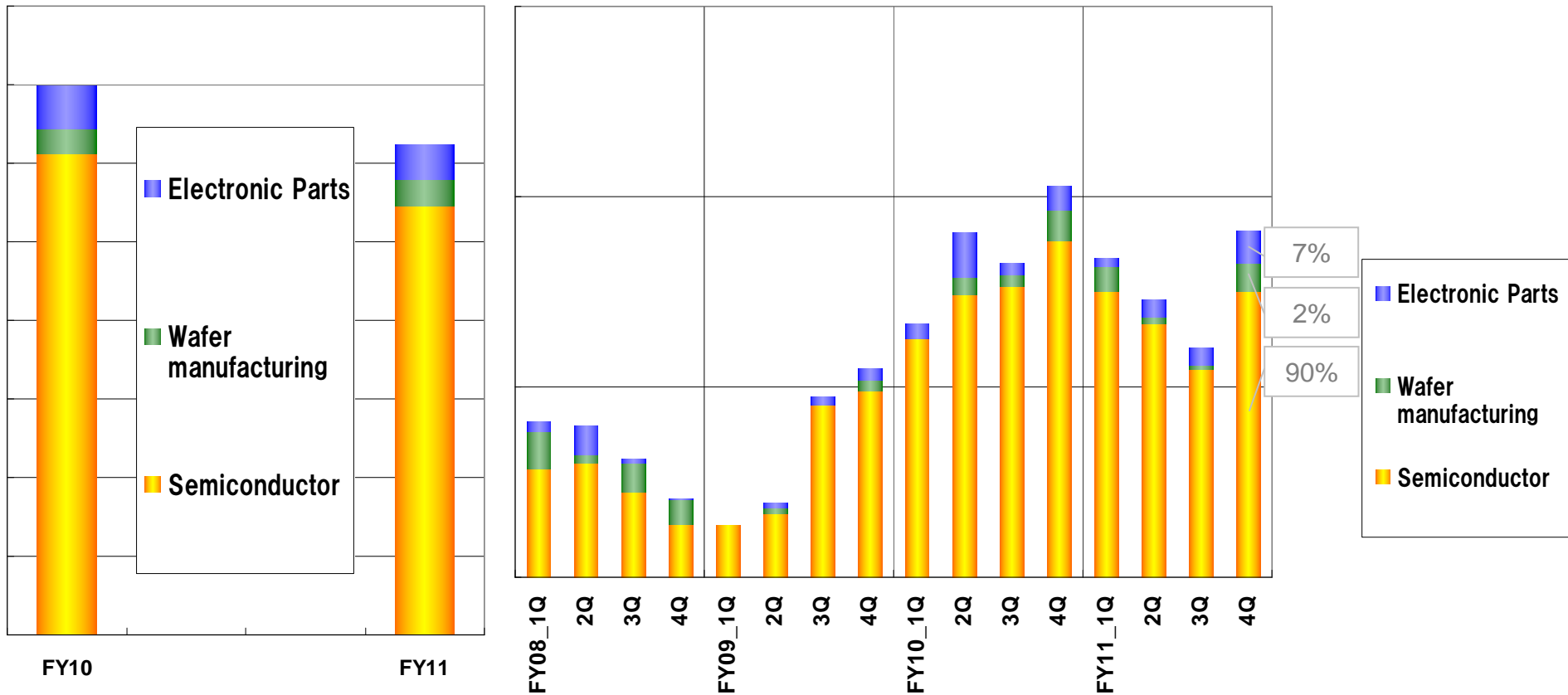


- Total dicing saw sales decreased approximately 20% from the record high levels achieved in FY10.
- Dicing saw sales : The increase in production investment in smart phone-related devices caused sales for non-semiconductors to increase in 4Q.
- Laser saws: While sales for Low-k processing remained steady through the year, demand from LED devices decreased rapidly during 2H.

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

*Grinders and polishers also includes surface planer sandgrinder/polishers

YoY

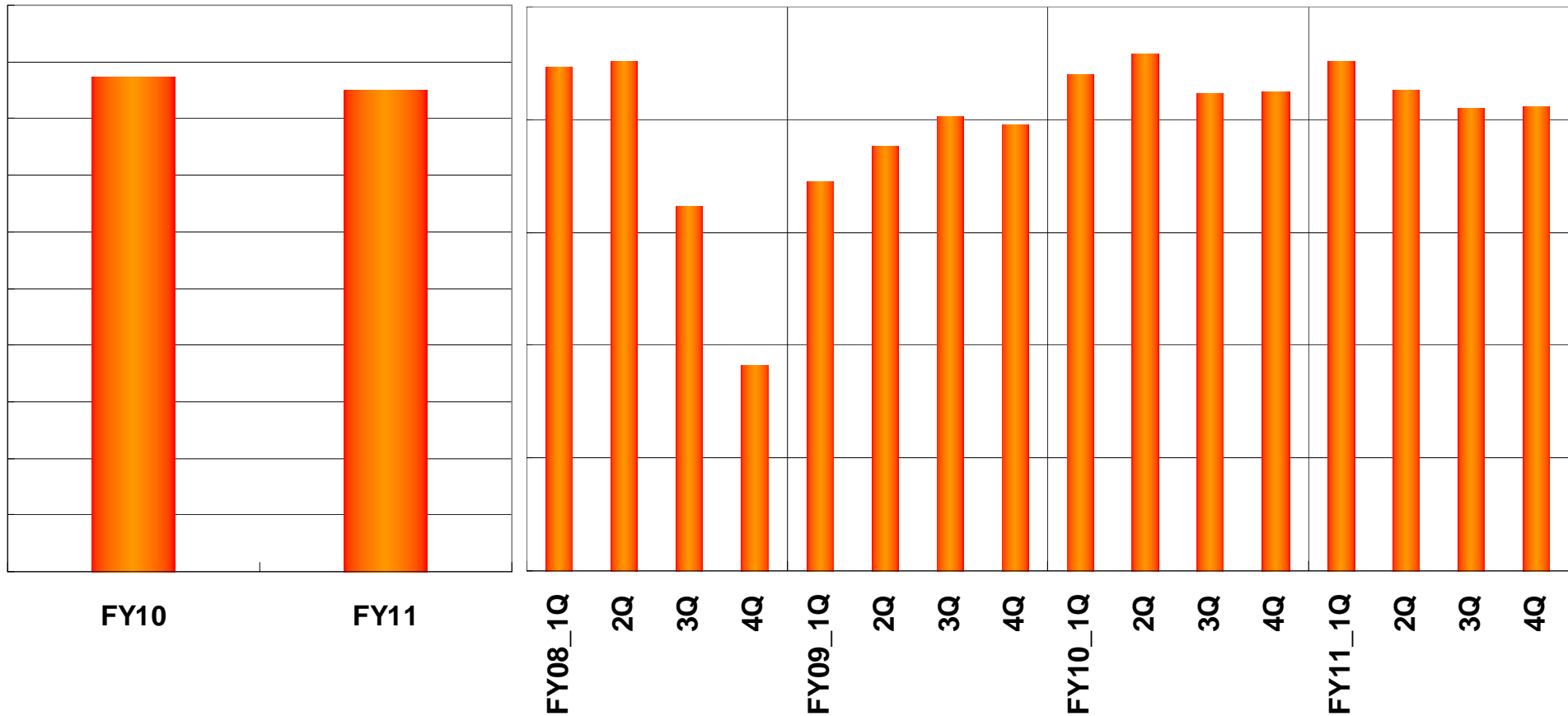


- Customers gradually slowed down investment activities during FY11 1Q – 3Q, which saw a revival during 4Q. This resulted in a 10% decrease YoY.
 - Widespread adoption of DBG*¹ technology and increased momentum in HVM*² were the main drivers behind the recovery during 4Q.
- *¹ DBG process: Dicing before Grinding *² HVM: High volume manufacturing

Consolidated
Consumables*Sales

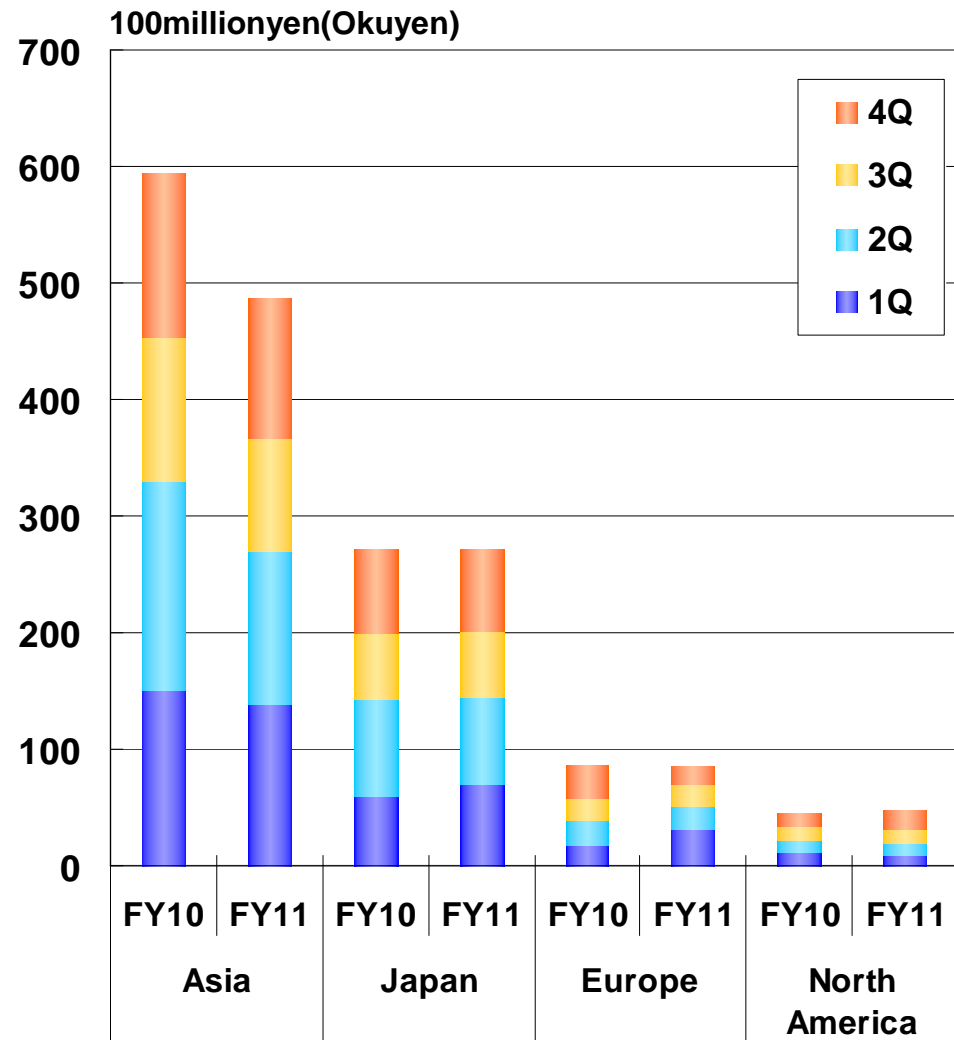
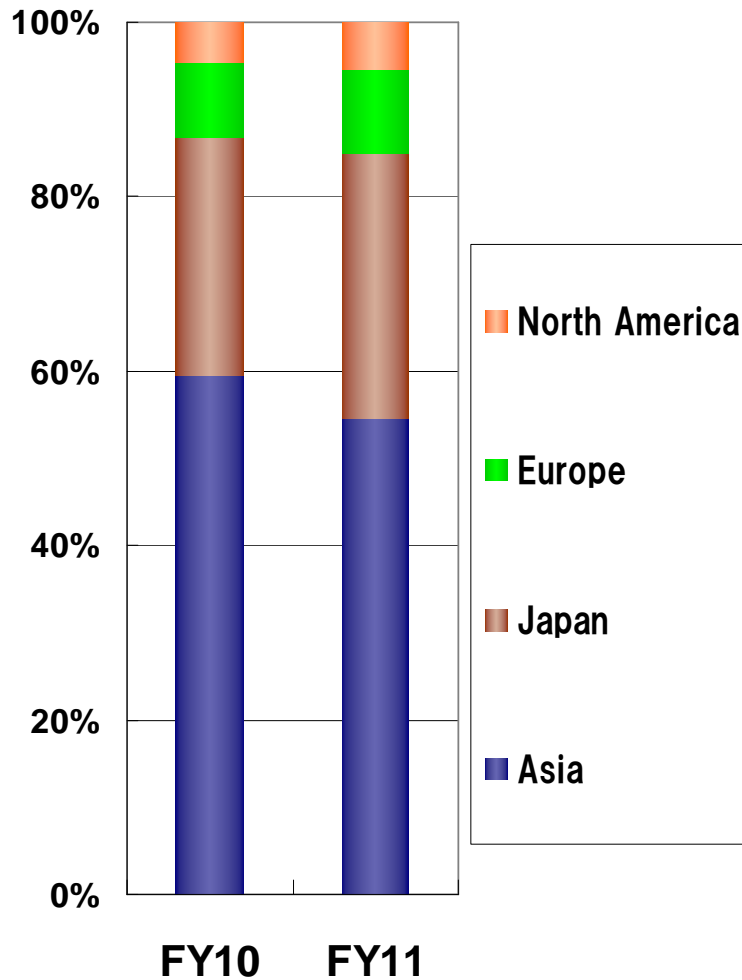
YoY

*Consumables included dicing blades, grinding wheels, and dry polishing wheels, etc.



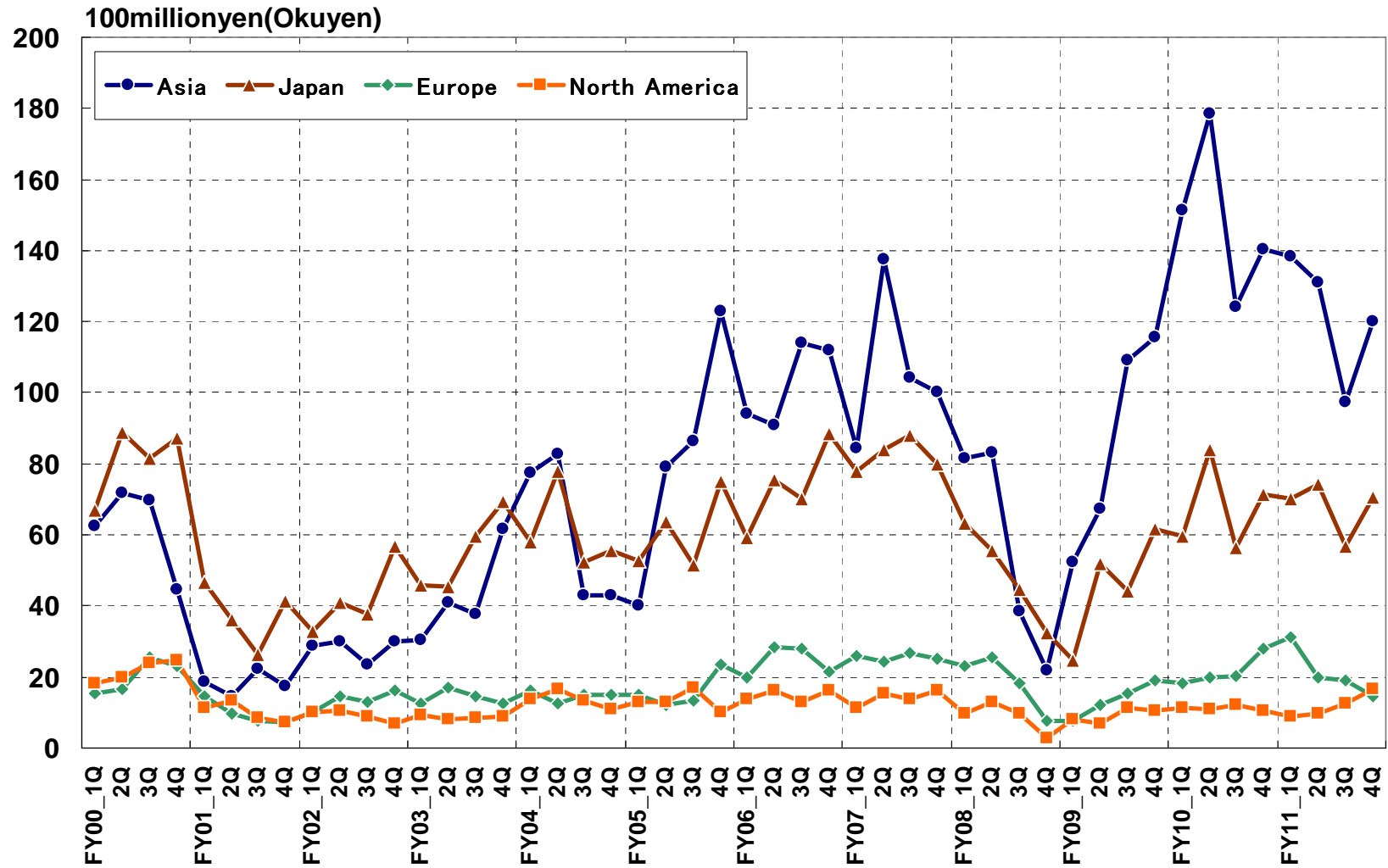
- Consumable sales saw a gradual decline during 4Q, owing mainly production adjustments following the Great East Japan Earthquake and the high yen.
- Steady sales of grinding and polishing equipment contributed to high grinding wheel sales in 4Q.

Sales Breakdown by Region



- The Reduction in capital expenditure by semiconductor manufacturers had an impact on sales in Asia, which fell by 18% YoY, constituting 55% of total sales - 5points less compared to FY10.
- Despite the slowdown in Asia, sales in Japan remained brisk, contributing to 30% of total sales.

QuarterlyRegionalSales



- A rise in shipments to Korea saw sales for Asia increase 23% QoQ – the first time in three quarters.
- In North America, the sales remained firm thanks to active investment in advanced technologies.

BalanceSheet(Summary)

Millionsofyen	FY2010	FY2011	Amount
Current Assets	77,778	71,834	-5,944
Cash and cash equivalents	20,314	15,170	-5,144
Notes and account receivable	28,322	27,074	-1,248
Inventories	23,777	25,764	1,987
Fixed Assets	61,444	63,942	2,498
fixed assets	54,283	55,880	1,597
Total Assets	139,240	135,789	-3,451
Total Liabilities	41,606	33,253	-8,353
Current Liabilities	29,355	20,792	-8,563
Fixed Liabilities	12,251	12,460	209
Net assets	97,633	102,536	4,903
Shareholders' Equity ratio (%)	69.4%	74.5%	+5.1p
Liabilities and shareholders' Equity	139,240	135,789	-3,451

[Comparison with end of March]

Assets: cash and deposits decreased by payments of income taxes, while there was an increase in fixed assets in inventories and capital expenditure.

Liabilities: Large decrease in debt payments and unpaid income taxes.

Net assets: Capital-asset ratios rose by 5.1 points to 74.5%

CashFlow(Summary)

MillionsofYen	FY2010	FY2011	Amount
Cash flows from operating activities	14,506	6,170	-8,336
Net income before tax	16,569	11,102	-5,467
Depreciation	6,066	5,944	-122
debt	-9,067	-3,492	5,575
Others	938	-7,384	-8,322
Cash flows from investing activities	-5,551	-11,323	-5,772
Purchase of property, plant and equipment	-7,612	-7,899	-287
Others	2,061	-3,424	-5,485
Cash flows from financing activities	-3,044	-2,218	826
Repayment of long-term loans payable	-3,112	-66	3,046
shareholders	-1,175	-2,321	-1,146
Others	1,243	169	-1,074
Free cash flow	8,955	-5,152	-14,107
equivalents	4,582	-7,792	-12,374
end of 3Q	19,830	12,038	-7,792

Cash flows from operating activities: Decreased greatly in comparison with the previous year due to a decrease of income before income taxes and the payment of the income taxes

Cash flows from investing activities : There was a net outflow resulting from investing activities increased by expenditure on the acquisition of tangible fixed assets relating to the new buildings at the Kure Plants and the Singapore office, and a fixed term deposit.

Cash flows from financial activities: Decreased by ¥2,200 million mainly due to dividend payments.

Free cash flows were negative 5,100 million yen, and the balance of cash and cash equivalents as of March 31, 2012 was 12 billion yen

FY2012 Full-Year Earning Forecast

100millionyen(Oku-yen)

	FY2012			Reference		
	1H Forecast	2H Forecast	FullYear Forecast	FY2011 (Actual)	Amount	YoY
Net Sales	500	457	957	892	65	7.2%
Operating Income	72	64	136	107	29	27.6%
Ordinary Income	72	66	138	112	26	22.8%
Ordinary Income Margin	14.4%	14.4%	14.4%	12.6%	+1.8p	-
Net Income	48	46	94	72	22	30.6%

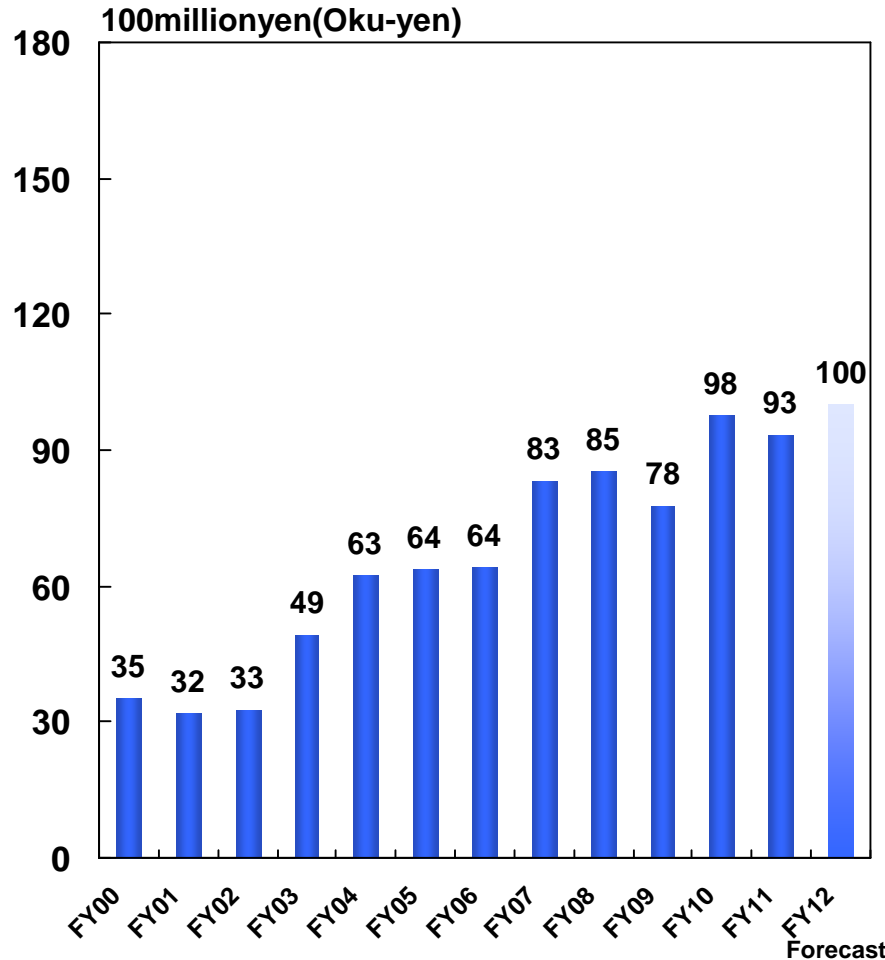
- We expect a higher level of continuous capital investment by major manufacturers driven by a strong demand for smartphone-related devices.
- In terms of dicing saws, we anticipate a recovery in laser saw sales, focused on LED processing, and expect an expansion in the market for high-end grinding and polishing equipment.
- Consumable sales are also expected to rise by 10% compared to the previous year.

Projected exchange rates: US\$1/¥80 , 1€/¥105

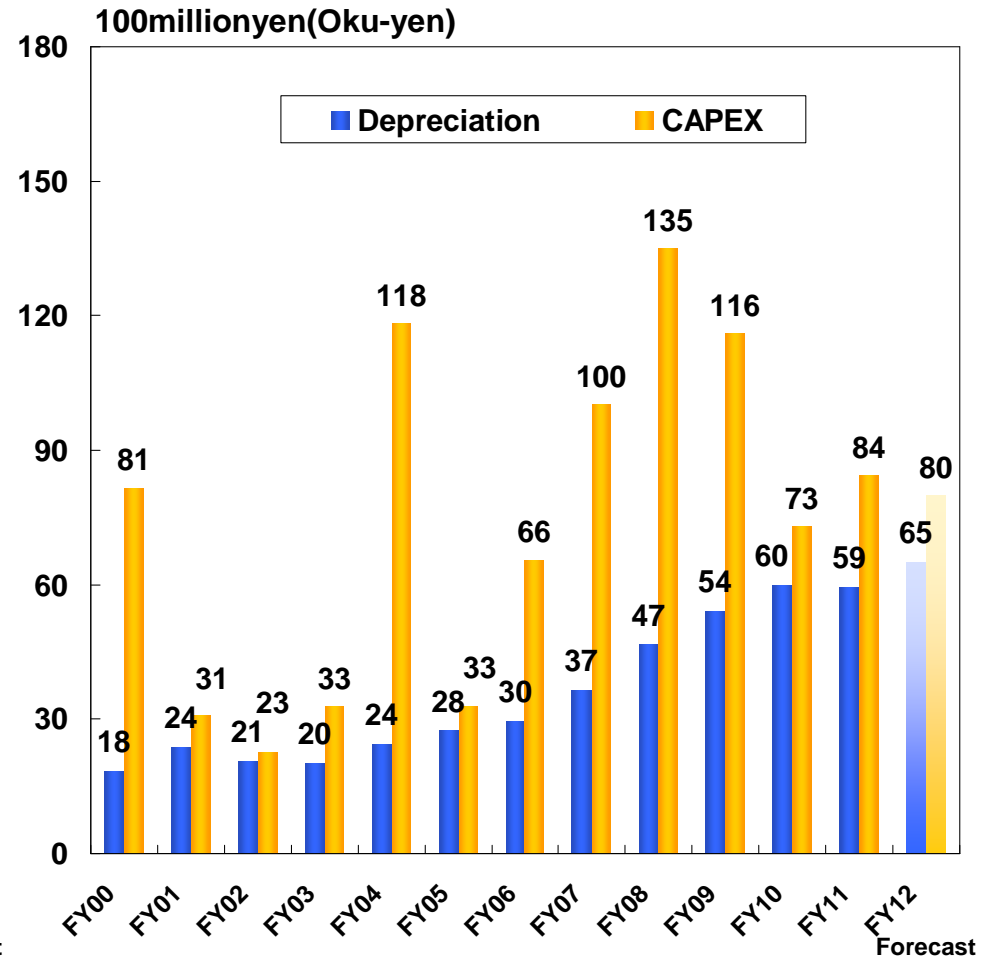
Effect per ¥1 fluctuation in exchange rates (non- consolidated, whole year) US\$: ¥356 million , Euro : ¥16.7 million

Consolidated R&D/CAPEX Forecast

R&D Expense



Depreciation/CAPEX



- Investment in research products will see R&D expenses reach a record high (slightly over 10 billion yen)
- The capital spending is expected to be at the same level as FY10, at slightly over 8 billion yen, and depreciation at 6.5 billion yen.

Dividend Policy and Dividend Payment

(Yen)

FY2012	Intermediate dividend	Year-end dividend	Annual dividend
Forecast	36	35	71

FY2011	Intermediate dividend	Year-end dividend	Annual dividend
Actual	29	19	48

Dividend Policy

At a meeting held on May 10, 2012, the Board of Directors

adopted the new dividend policy.

1. There will be interim and final dividends, each of which will be equivalent to 25% * of half-yearly consolidated net income.
* This new policy will be applied from the second half of the year ending March 2012.

2. The stable dividend will remain at ¥10 per half-year (¥20 per year), unless there have been consolidated net losses in three successive years.

3. Except when there is a loss, if the year-end balance of cash and deposits after payment of dividends and income tax 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, the retirement of interest-bearing debt and other purposes.

[Remarks]

The company deleted the following term "If the consolidated ordinary income margin reaches 20% on a four-year cumulative basis, a dividend payout ratio of 24% of consolidated net income will be applied, and the difference from the interim dividend will be adjusted through the final dividend."

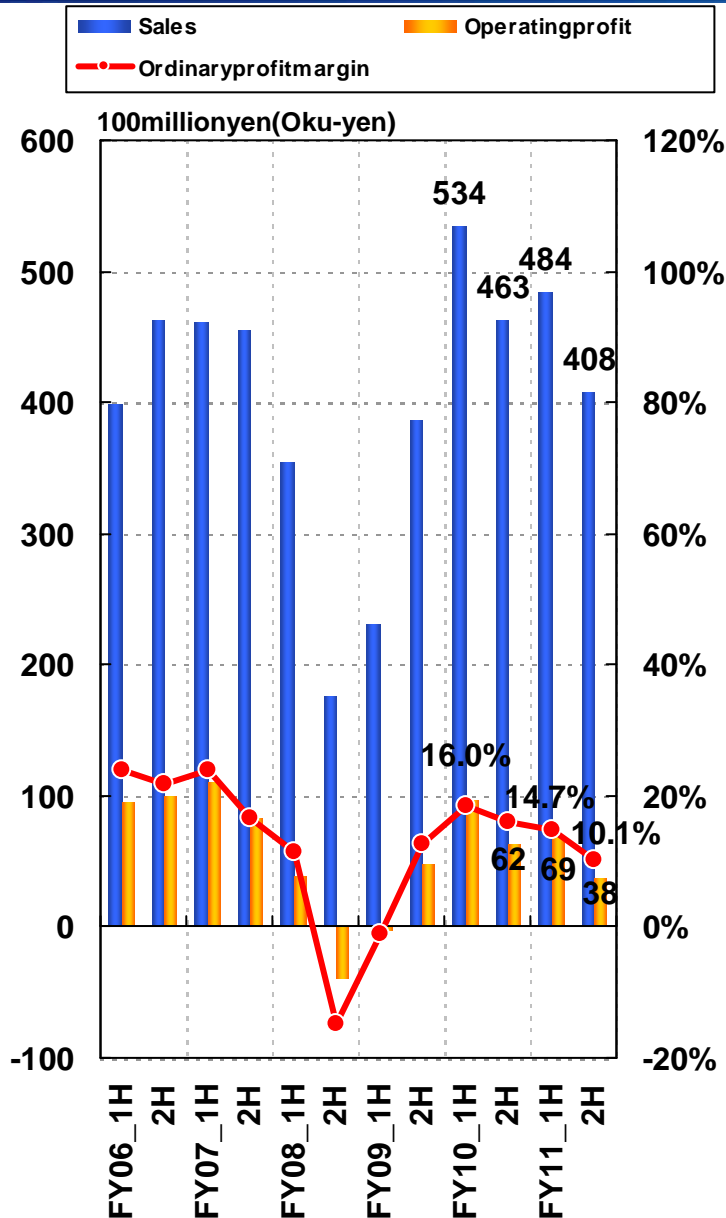
FY2012 Full-Year Sales Forecast

	Year on year increases (decreases) in FY2011 results	Year on year increases (decreases) in FY2012 forecasts
Total	-10%	+7%
Systems	Approx. -20 %	Approx. +10%
Dicers	Approx. -20%	Approx. +5%
Laser	Approx. -30%	Approx. +40%
Non-laser	Approx. -15%	Approx. -5%
Grinders	Approx. -10%	Approx. +20%
Precision blades and wheels	Approx. -5%	Approx. +5%
Other products, subsidiaries	Approx. +15%	Approx. ±0%

Operating Environment and Management Policy

Hitoshi Mizorogi
Chairman and CEO

Operating Environment and Our Business: FY2011



Business Activities in FY2011

- Robust sales for smartphone-related devices throughout the year (electronic parts, flash memory, image sensors, etc.)
- DISCO achieved the third highest consolidated sales record (¥89,200 million) after FY07 and FY10 (highest sales).
- Relatively high sales during 1H, which saw a downward trend during 2H (3Q: Slowdown in capital investment)
- Signs of recovery toward the end of FY11 (4Q: Some companies restart capital investment in advanced technologies)
- GP% fell only slightly, despite the decline in sales and the impact from the strong yen.

	FY2010	FY2011
GP Ratio	47.1%	46.6%
Exchange rate	86.0 yen/ \$	79.1 yen/ \$

Forecasted Operating Environment

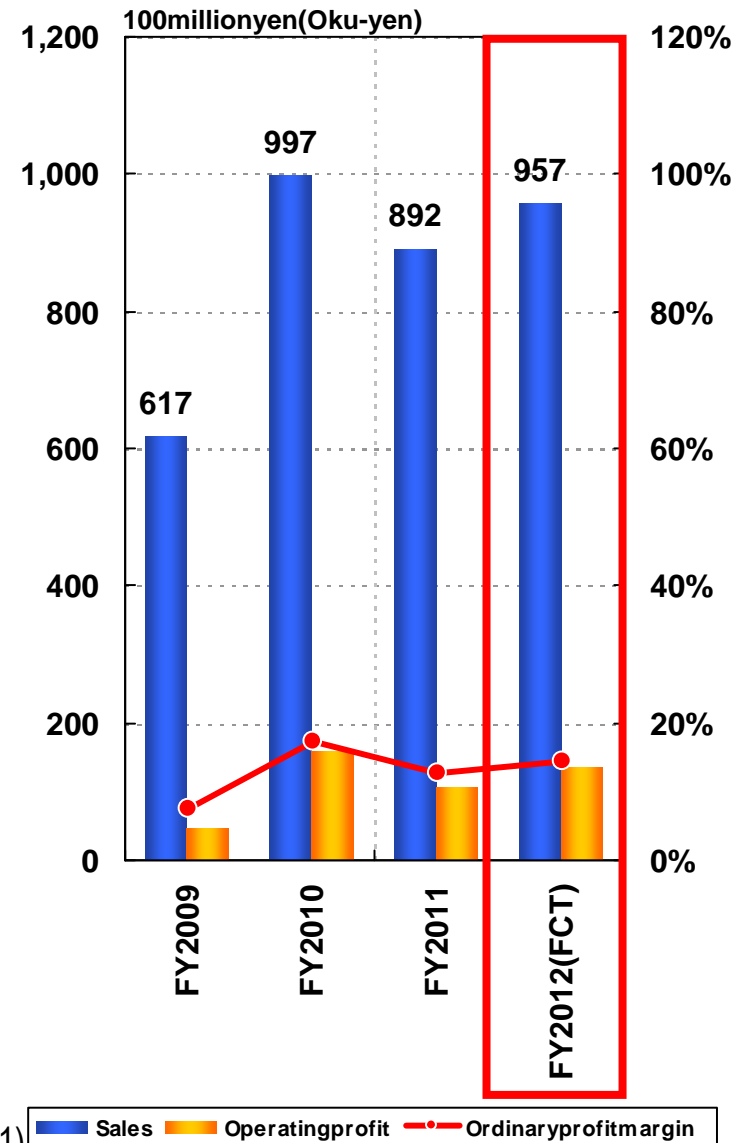
Outlook for FY2012

The Business Environment

- Macroeconomic conditions will likely remain oblique, however a gradual improvement in the semiconductor, driven by demand for smartphones and tablet PCs, is expected.
- We also expect expansion of end product demand from the launch of a new OS and ultrathin note PCs.
- We anticipate a recovery in LED device-related product categories (laser saws, etc.) → Start up of LVM* for LED for lighting
*LVM : Low volume manufacturing
- Initiatives to develop and mass produce TSV (Through Silicon Via) technology → (BSI CMOS image sensors, DRAM for mobile devices)
- Semiconductor manufacturers will complete inventory adjustments, and sales throughout Asia will see a recovery trend.

Yearly net sales : 95,700 million yen (7.2% increase over FY2011)

Yearly ordinary income : 13,800 million yen (22.8% increase over FY2011)



DISCO

Kiru · Kezuru · Migaku Technologies

