FY2013 3Q Financial Results
and
FY2013 Forecasts

DISCO CORPORATION

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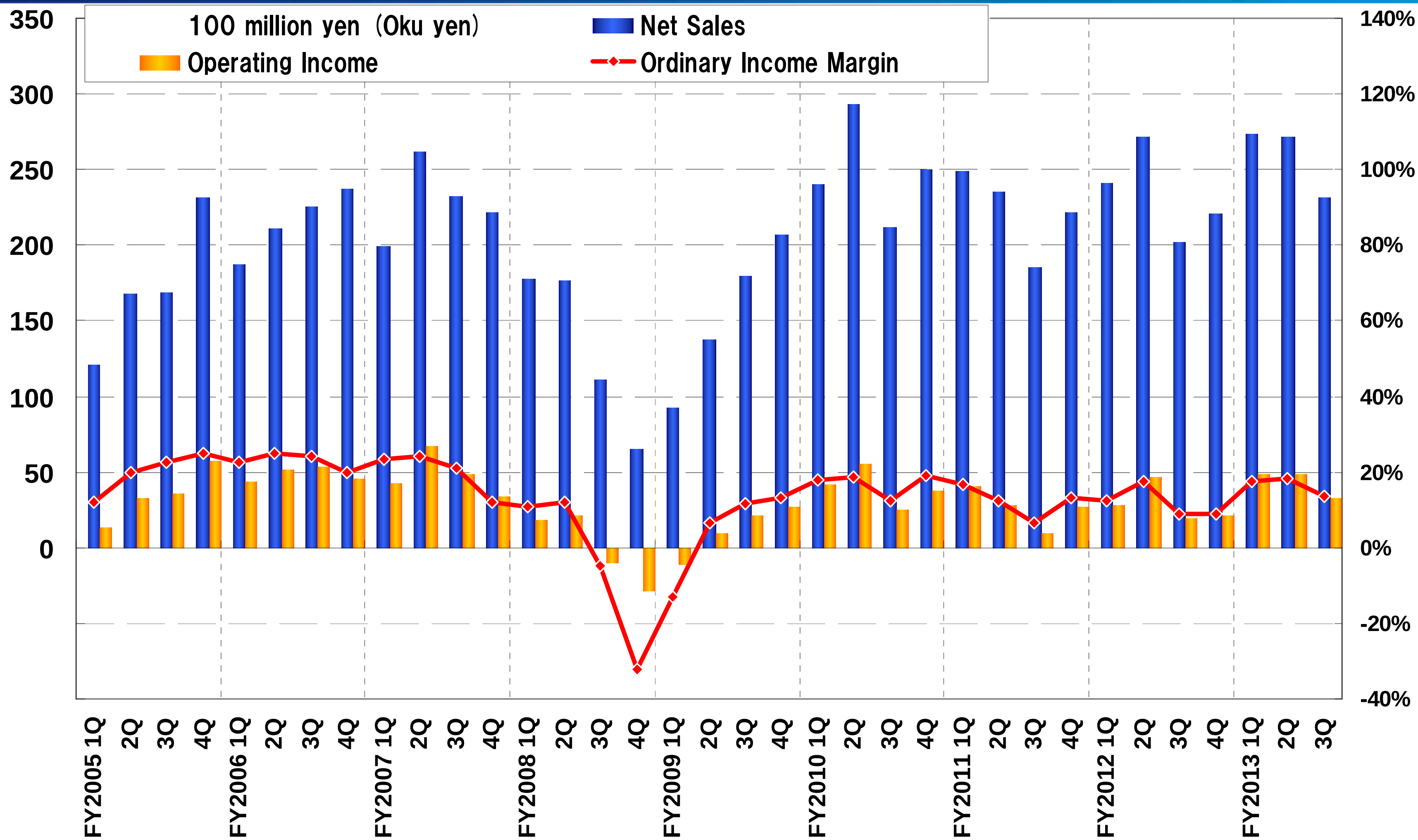
FY2013 3Q Earnings Results

Millions of Yen	FY2013 3Q	FY2013 2Q	QoQ Amount	QoQ (%)
Net Sales	23,199	27,205	-4,006	-14.7%
Gross Profit	12,283	13,875	-1,593	-11.5%
Gross Profit Margin	52.9%	51.0%	1.9p	-
SG&A	8,952	8,981	-28	-0.3%
Operating Income	3,330	4,894	-1,564	-32.0%
Ordinary Income	3,162	4,931	-1,769	-35.9%
Ordinary Income Margin	13.6%	18.1%	-4.5p	-
Income before income taxes and minority interests	3,095	4,909	-1,814	-37.0%
Net Income	2,060	3,491	-1,431	-41.0%

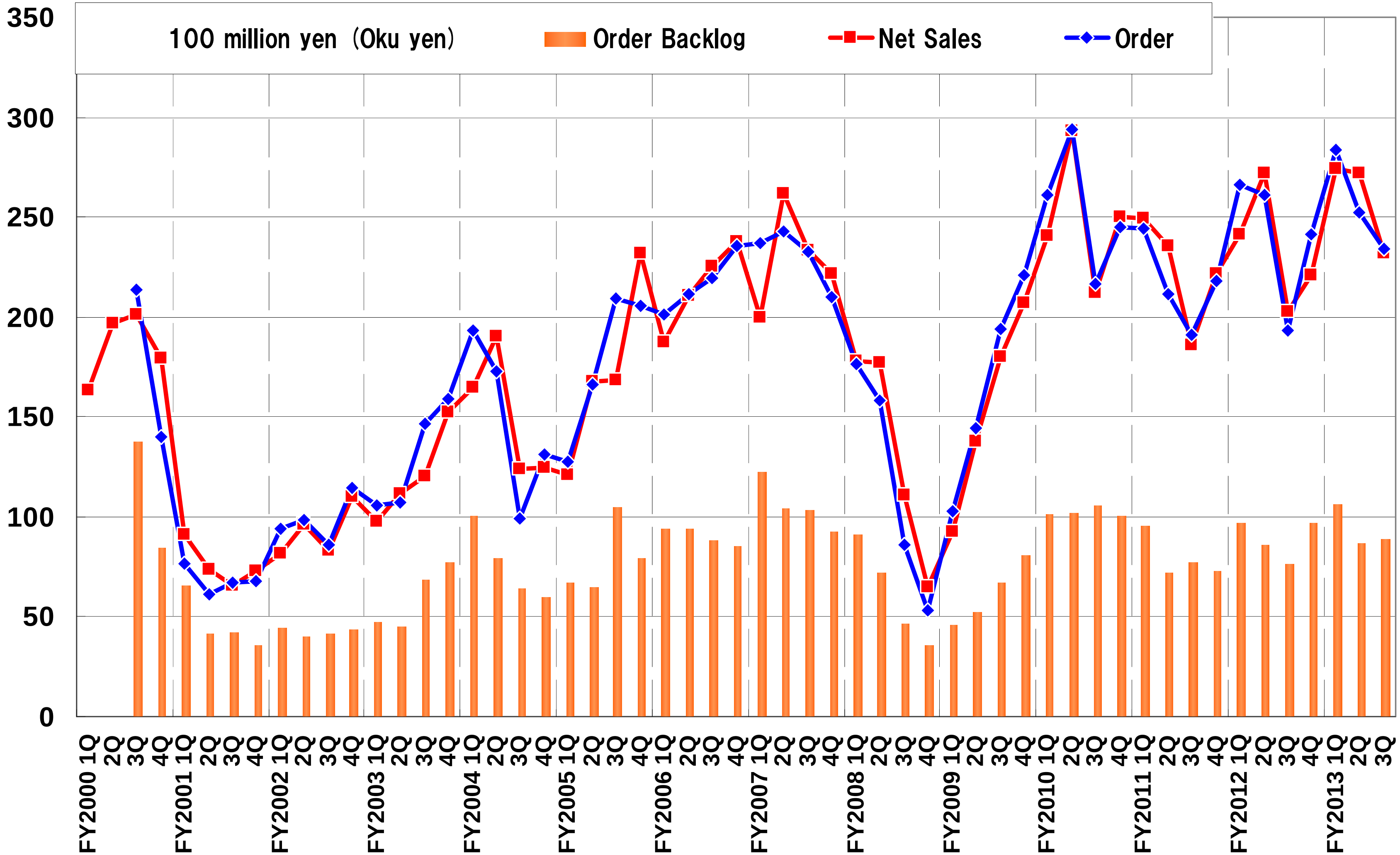
- FY13 3Q sales fell 14.7% QoQ, due to a slowdown in capital expenditure by OSAT (Sub-contractors) for smartphones and tablet PCs in the Asia region.
- The GP ratio remained at high level, 52.9 %, due to the positive effect of the weakened yen and stable sales of equipment for cutting-edge applications and R&D purposes.
- Operating income decreased QoQ due to the sluggish sales and SG&A expenses which have remained at a high level.

Quarterly Consolidated Financial Results



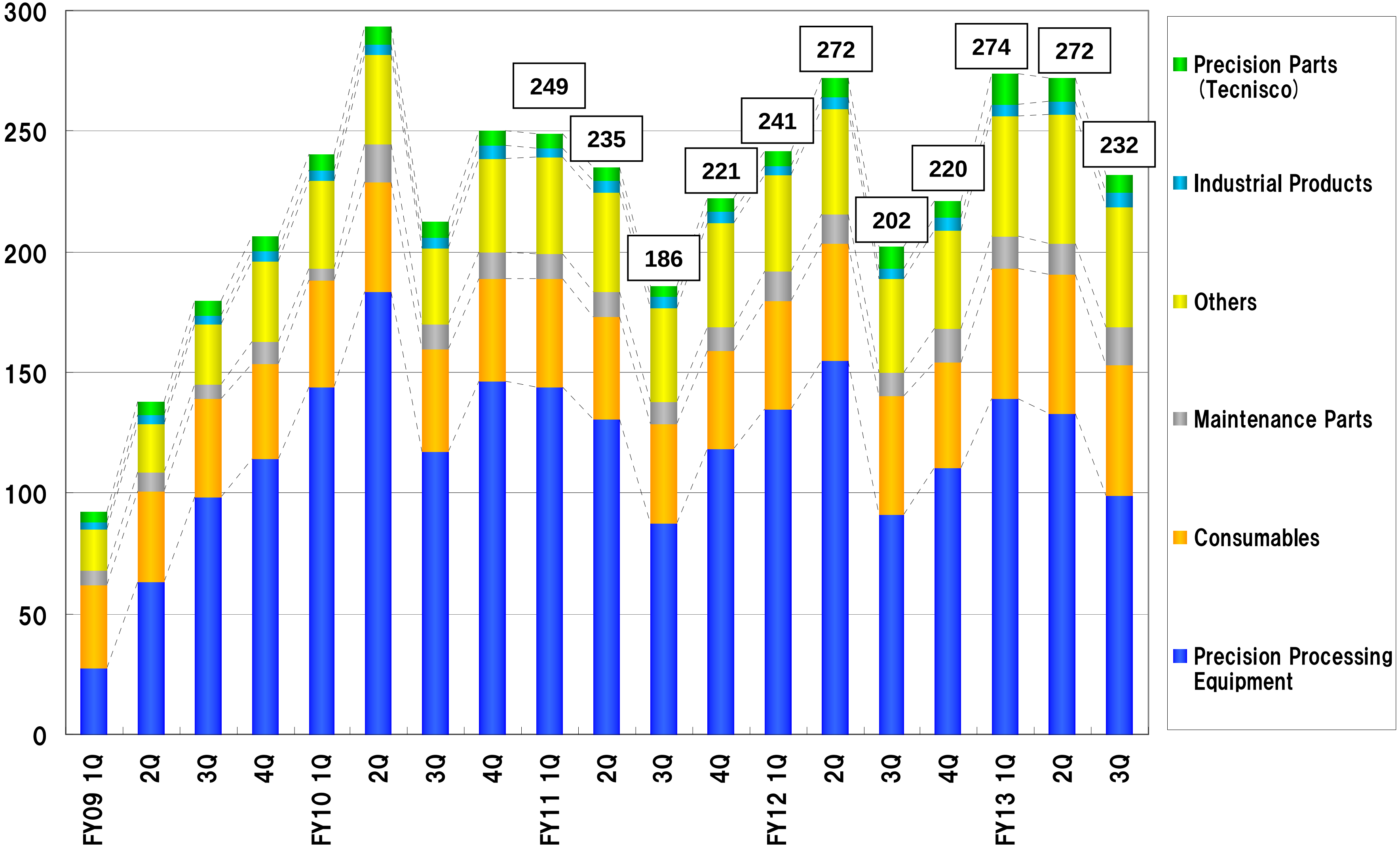
- Since the Lehman Crash, for three years, there has been a trend for companies to perform corrections during 3Q, and FY13 sales show that the pattern is unchanged.
- However FY13 3Q results (YoY) show an increase both in sales and profit (Sales: +14.6% YoY and Ordinary income: +72.5% YoY).

Quarterly Sales/Orders



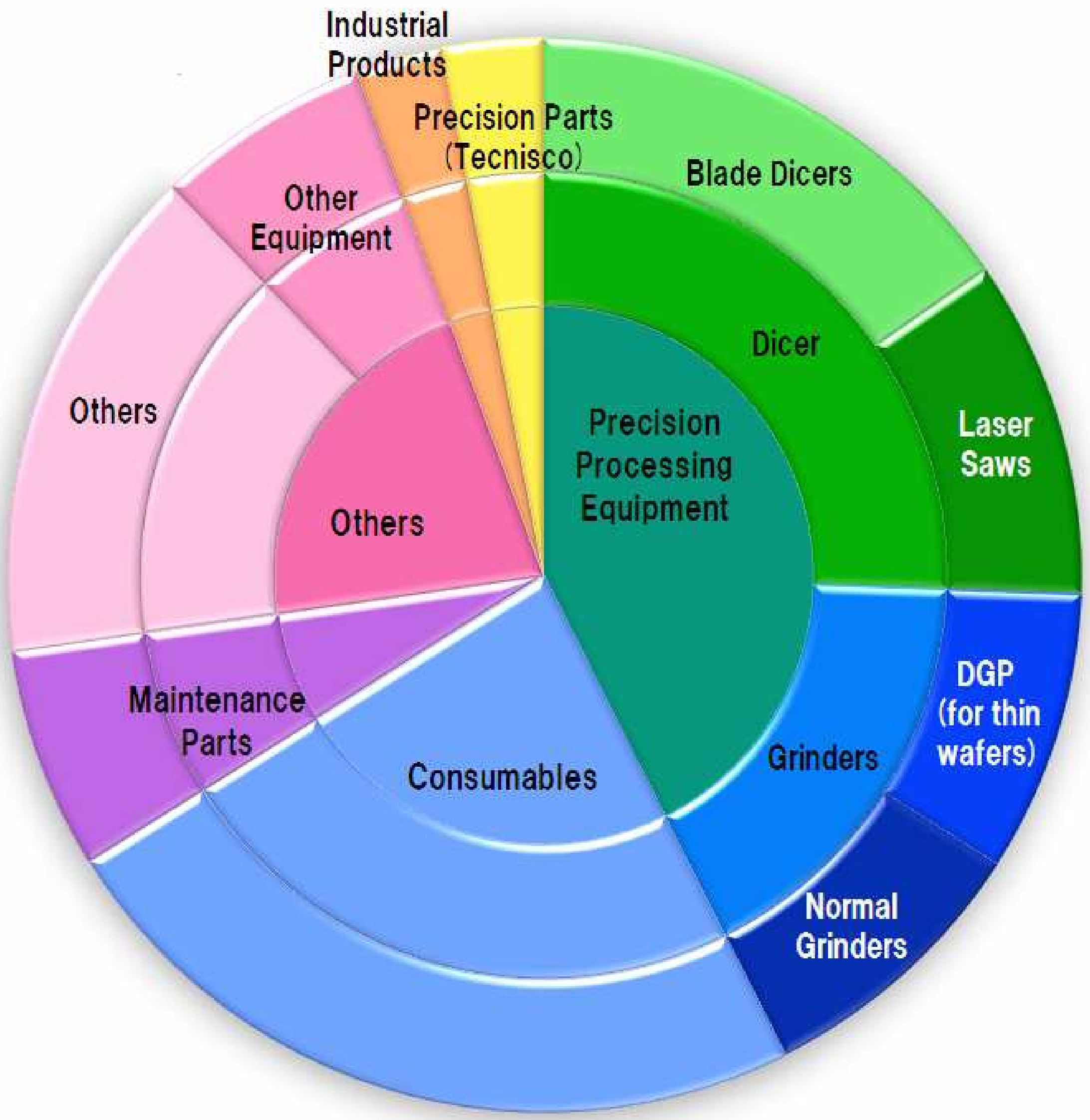
- FY13 3Q orders show a decrease for 2 consecutive quarters, amounting to ¥23,400 million, which is +21.1% QoQ.
- The order backlog, at ¥8,900 million, remains at a high level.

Consolidated Quarterly Sales Breakdown by Product



- 3Q sales of equipment decreased by about 30 % QoQ.
- Thanks to the robust sales of consumables, total sales did not decrease to the same degree as 3Q for the previous year.

Product and Equipment Sales Breakdown



FY2013 3Q

【Product Sales Breakdown】

Precision Processing Equipment	43%
Consumables	23%
Maintenance Parts	7%
Others	22%
Industrial Products	3%
Precision Parts (Tecnisco)	3%

【Precision Processing Equipment Breakdown】

Dicing Saws	60%
Grinders	40%

【Dicing Saws Breakdown】

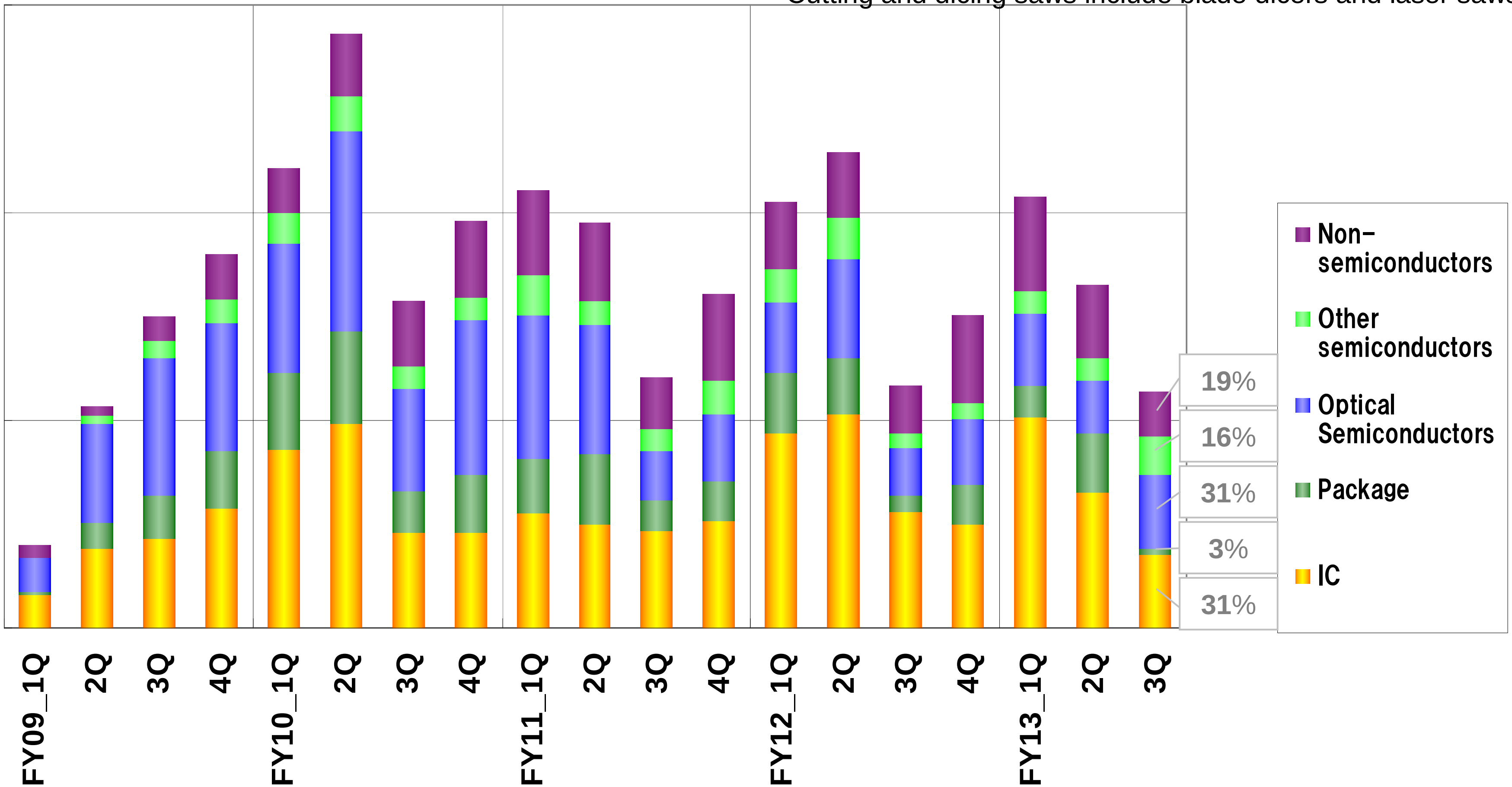
Blade Dicers	60%
Laser Saws	40%

【Grinders Breakdown】

DGP (for thin wafers)	50%
Normal Grinders	50%

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

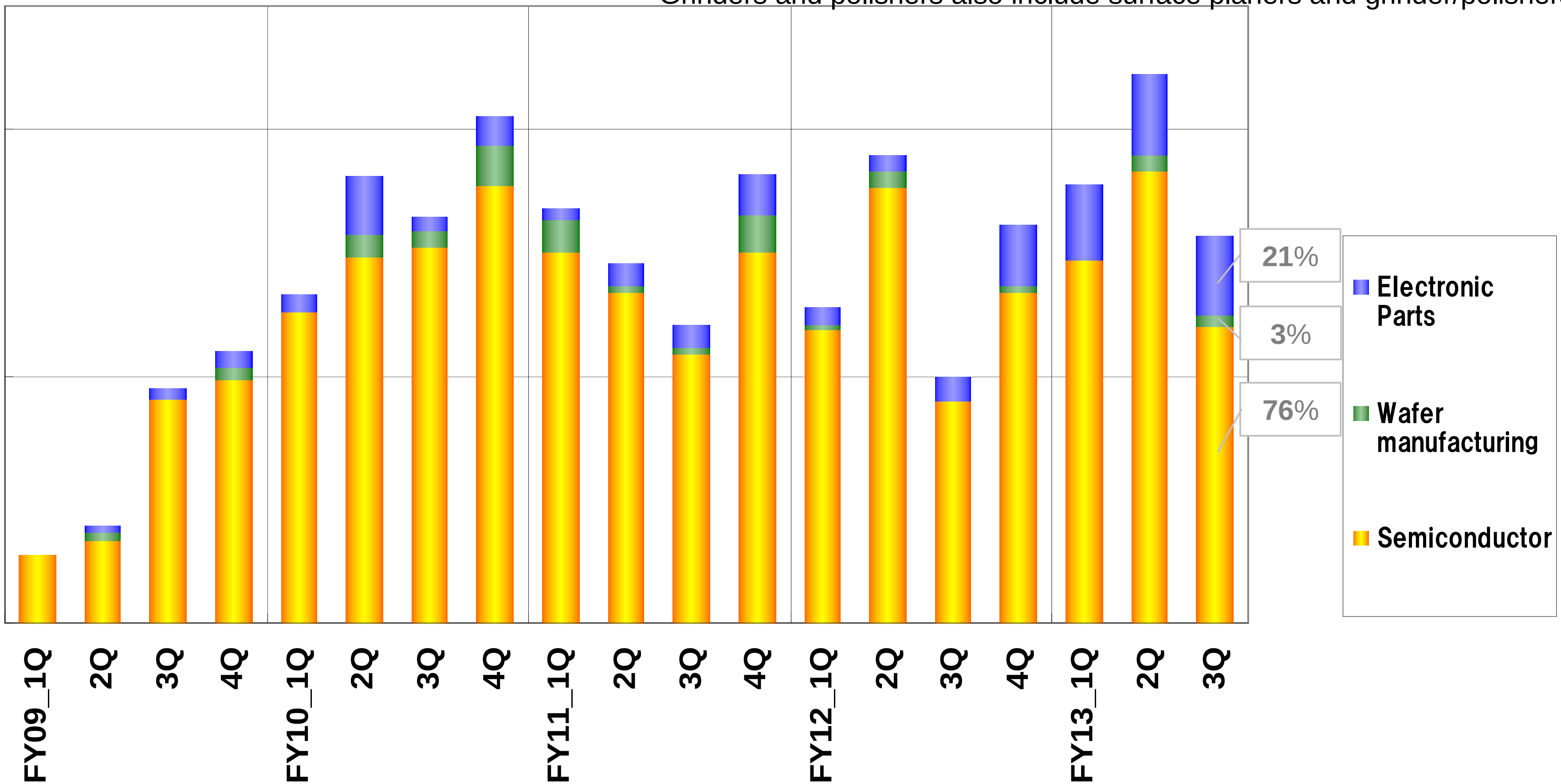
*Cutting and dicing saws include blade dicers and laser saws



- FY13 3Q sales fell by about 30% QoQ, affected by a slowdown in capital expenditure of the main OSAT (sub-contractors) for ICs in the Asian region.
- The decrease was centered mainly on dicing saws sales for packages after the receiving bulk orders in the previous quarter.
- On the other hand, demand for dicing saws for LED manufacturing and discrete semiconductors remain robust.

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

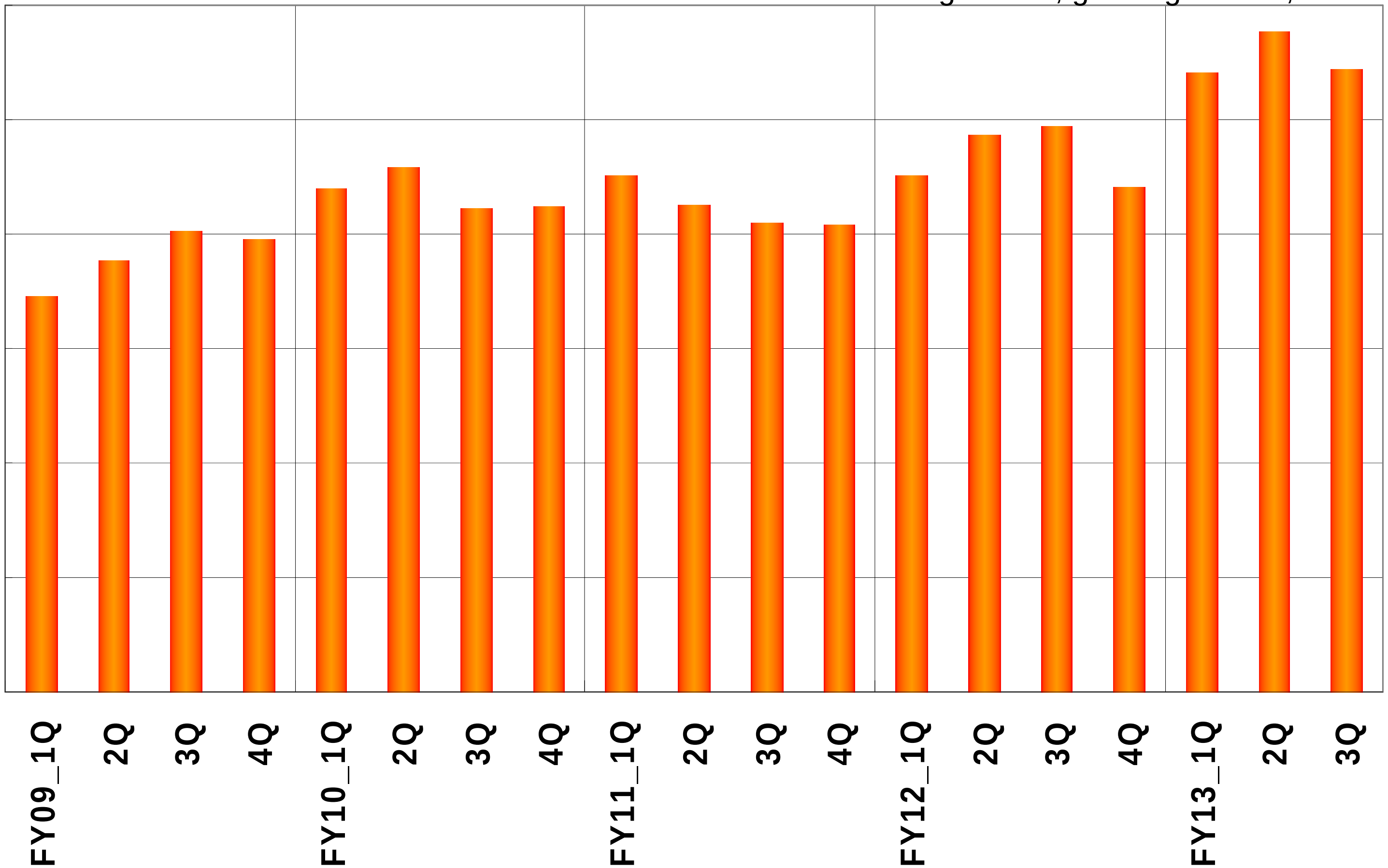
*Grinders and polishers also include surface planers and grinder/polishers



- Grinder shipments showed a decrease of about 30% QoQ because of a slowdown in the shipment of grinders for ultra-thinning applications in the Asia region.
- However, total grinder shipments for electronic components and discrete semiconductors, driven primarily by Europe and the United States, remained robust.

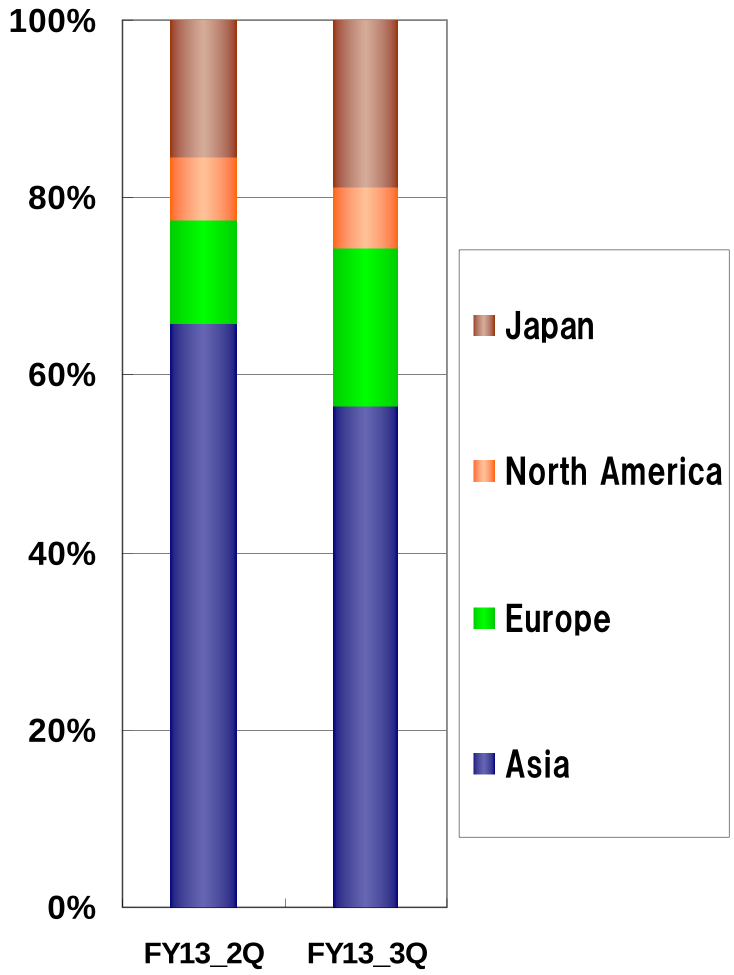
Consumables* Sales

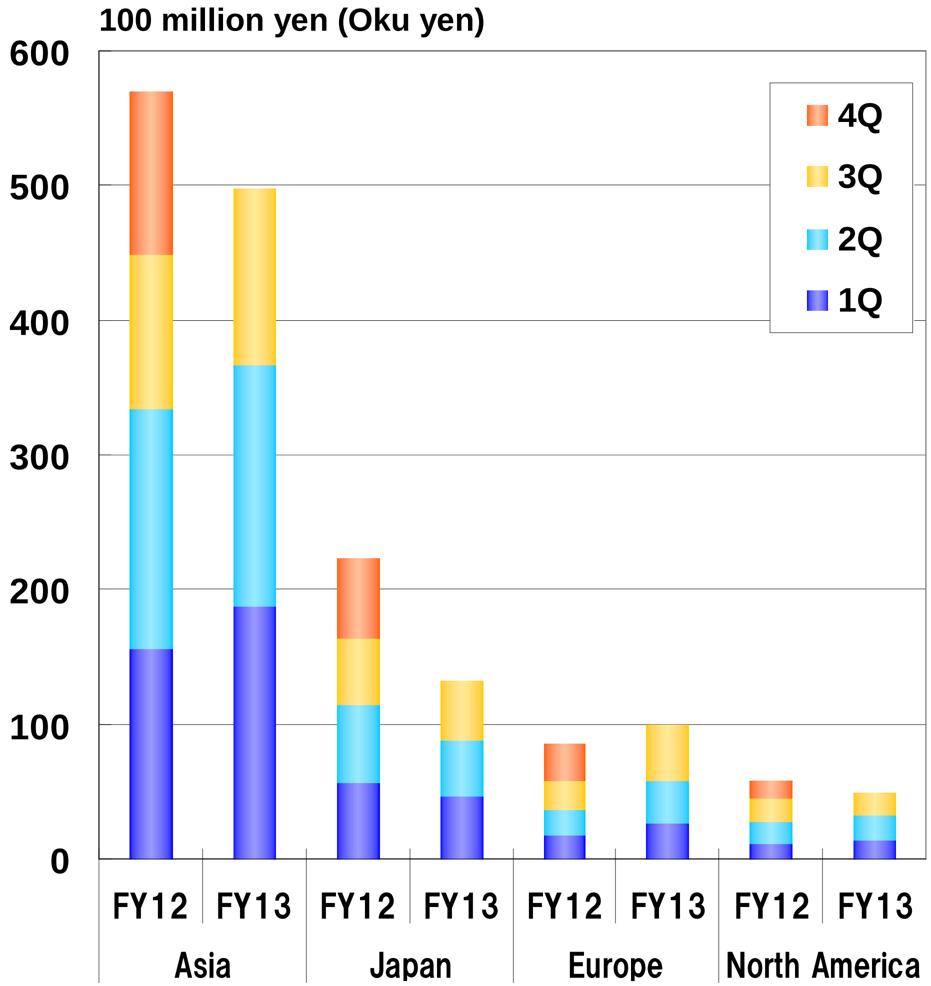
*Consumables include dicing blades, grinding wheels, and dry polishing wheels, etc.



- While the market entered into its seasonal consolidation phase, the sales of consumables, especially blades for IC manufacturing and grinding wheels, were firmly maintained.
- Sailing with the tailwinds of a weakened yen, sales of consumables recorded their second highest level ever after the record-setting sales of the last quarter.

Sales Breakdown by Region





- Because of the completion of a cycle of investment by manufacturers into semiconductor mass production, sales for FY13 3Q in the Asia region fell about 30% QoQ.(Sales in Taiwan were reduced by half, Korea decreased about 40%, China decreased about 20% QoQ)
- In other regions, Europe, equipment sales remained firm due to the demand for grinders.(Sales in Europe increased 32% QoQ, composition ratio 18%)

Balance Sheet (Summary)

Millions of Yen	FY2013 3Q	FY2012 4Q	Amount
Cash and deposits	33,722	31,699	2,023
Notes and account receivable	29,694	25,272	4,421
Inventories	27,161	28,475	-1,314
Total current assets	94,740	89,556	5,184
Property, plant and equipment	60,732	55,515	5,217
Total noncurrent assets	70,841	66,102	4,738
Total assets	165,585	155,667	9,919
Current liabilities	33,570	23,896	9,674
Noncurrent liabilities	11,627	21,214	-9,587
Total liabilities	45,198	45,110	87
Total net assets	120,387	110,556	9,832
Total liabilities and net assets	165,585	155,667	9,919
Equity Ratio	71.5%	69.8%	1.7p

[Comparison with the end of March 2013]

Assets: Total assets increased by ¥9,900 million due to an increase of account payables as well as the construction in progress of the Kuwabata A plant B zone, while Inventories decreased.

Liabilities: Increased slightly.While corporate tax payables decreased, there was an increase in account payables. (Increase and decrease in Current liabilities and non-current liabilities is due to the switching of CB in accordance with the expected repayments within the year.)

Total assets: Shareholders equity ratio increased by 1.7 points to 71.5%.

Cash Flow (Summary)

Millions of Yen	FY2013 1-3Q	FY2012 1-3Q	Amount
Net cash provided by (used in) operating activities	12,818	16,722	-3,904
Income before income taxes and minority interests	12,802	9,529	3,273
Depreciation and amortization	4,354	4,310	44
Decrease (increase) in notes and accounts receivable-trade	-2,776	4,633	-7,409
Decrease (increase) in inventories	1,635	-3,997	5,633
Increase (decrease) in notes and accounts payable-trade	1,187	6,131	-4,944
Income taxes (paid) refund	-4,263	-1,988	-2,275
Net cash provided by (used in) investing activities	-8,697	-11,563	2,866
Purchase of property, plant and equipment	-8,533	-4,163	-4,370
Others	-163	-7,399	7,236
Free cash flow	4,121	5,159	-1,039
Net cash provided by (used in) financing activities	-2,305	7,364	-9,670
Cash dividends paid	-2,233	-1,989	-244
Others	-71	9,354	-9,426
Net change in of cash and cash equivalents	2,157	12,926	-10,769
Cash and cash equivalents at beginning of period	21,544	12,038	9,507
Cash and cash equivalents at end of period	23,702	24,964	-1,262

Cash flows FY2013 1-3Q:

Cash flows from operating activities: Increased by ¥12,800 million
In comparison with the previous year the cash flows from operating activities decreased due to an increase in account receivables and an increase in payment of corporate taxes, while the income before income taxes increased from the previous year.

Cash flows from investing activities: Decreased by ¥8,700 million.
This reflects mainly expenditure on the acquisition of tangible fixed assets such as the new Kuwabata A plant B zone.

Cash Flows from Financing Activities:
Net Cash flows decreased to about ¥2,300 million.
This consisted mainly of payments in dividends.
(Previous year: increased mainly in loans)

Free cash flows were a net inflow of about ¥4,100 million, and the balance of cash and cash equivalents as of the end of December of 2013 was ¥23,700 million.

FY2013 Full-Year Earning Forecast

Earning Forecast

100 million yen (Oku yen)	1H	2H	Full Year	Reference Previous year's results	Amount	YoY
Net Sales	546	475	1,021	937	84	9.0%
Operating Income	98	56	154	116	38	32.7%
Ordinary Income	98	59	157	116	41	35.5%
Net Income	67	42	109	75	34	45.9%

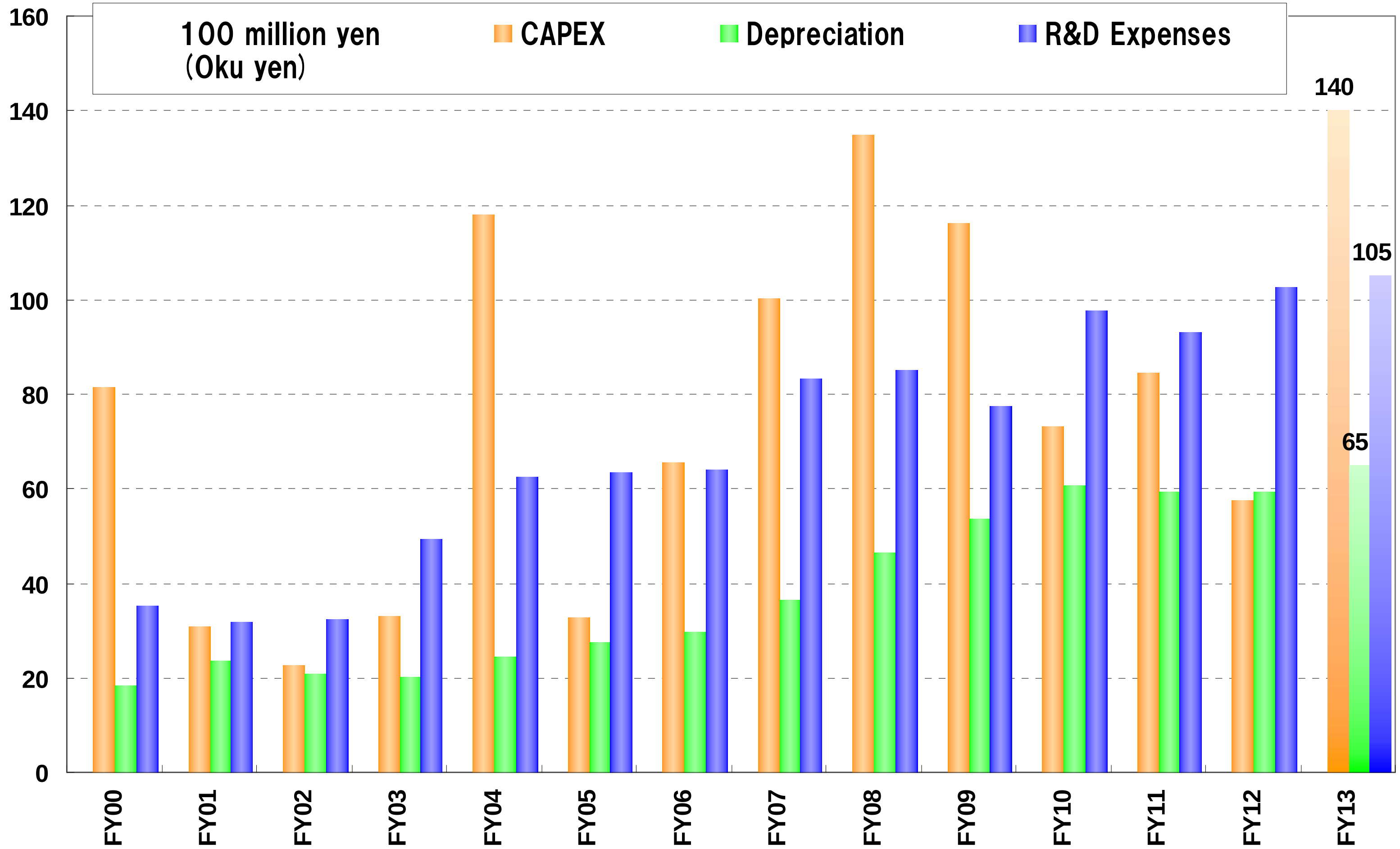
	1H	2H	Full Year	Reference Previous year's results
Operating Income Margin	18.0%	11.8%	15.1%	12.4%
Ordinary Income Margin	17.9%	12.5%	15.4%	12.4%
Net Income Margin	12.2%	8.9%	10.7%	8.0%

- We have maintained the full year forecast released on Nov 7th last year.

Projected exchange rates are unchanged
: US$1/¥96 , 1€/¥130

Effect per ¥1 fluctuation in exchange rates (non- consolidated, whole year) US$: about ¥400 million, Euro: about ¥20 million

Consolidated R&D/CAPEX Forecast



We revised the Capital spending (capex) for the buildings.(Total capex will be changed from 13 billion yen to 14 billion yen).

- Despite the current severe economic environment we are maintaining high levels of R&D expenses for the development of next-generation technologies (R&D expenses will be 10.5 billion yen which is unchanged).
- Capital spending will be revised to 14 billion yen due to a revision of the construction plan of the new Kuwabata A plant B zone.
- Depreciation, 6.5 billion yen will be unchanged.

Dividend Policy and Dividend Payment

(Yen)	FY2013 Forecast	FY2013 Δ	FY2013 Actual	(Reference) FY2012 Actual
Intermediate dividend			50	40
Year-end dividend	32	0		16
Annual dividend	82	0		56

Dividend Policy

Decisions concerning the distribution of surpluses are made by the general meeting of shareholders, in the case of the final dividend, and by the Board of Directors, in the case of the interim dividend.

1.Adopting a performance–linked dividend policy and aiming at giving clearer priority to shareholder returns, our target dividend payout ratio is 25% of the consolidated half-yearly net income. There will be interim and final dividends, each of which will be equivalent to 25% of the half-yearly consolidated net income.

2.Irrespective of the level of income, we will maintain a reliable dividend of ¥10 per half-year. This means that the minimum yearly dividend will be ¥20.

3.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 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, one-third of that surplus will be added to dividends.

[Remarks]

The ¥20 payout stipulated in our stable dividend policy may be reviewed if there are consolidated net losses in three consecutive years.

DISCO

Kiru･Kezuru･Migaku Technologies