



August 18, 2009

Consolidated Financial Results for the First Quarter of Fiscal Year 2009

Company name: DISCO Corporation
 Stock code number: 6146 (Tokyo Stock Exchange 1st Section)
 URL: <http://www.disco.co.jp>
 Telephone number: 81-3-4590-1099

(Amounts are rounded down to the nearest million yen)

1. Consolidated Results of FY2009 1Q (April 1, 2009 though June 30, 2009)

1) Operating results (Accumulated)

	Three months ended		
	June 30, 2009	June 30, 2008	YoY(%)
Net sales	9,256	17,793	(48.0%)
Operating income	(1,142)	1,854	-
Ordinary income	(1,197)	1,929	-
Net income	(902)	1,253	-
Net income per share (yen)	(26.86)	36.95	-
Fully diluted net income per share (yen)	-	36.89	-

2) Financial position

	As of June 30, 2009	As of March 31, 2009
Total assets	121,036	123,925
Net assets	85,109	86,328
Equity ratio (%)	69.8%	69.2%
Net assets per share (yen)	2,514.86	2,552.54

(Reference) Equity (defined as shareholders' equity plus valuation and translation adjustments) :

84,511 million yen	(as of June 30, 2009)
85,777 million yen	(as of March 31, 2009)

2. Dividends

	Fiscal Year 2009 Actual	Fiscal Year 2008	Fiscal Year 2009 Forecast
1Q-end dividend per share (yen)	—	—	—
2Q-end dividend per share (yen)	—	10.00	10.00
3Q-end dividend per share (yen)	—	—	—
Year-end dividend per share (yen)	—	10.00	10.00
Annual dividend per share (yen)	—	20.00	20.00

Note: Revision of dividends forecast for during this period: No

3. Earnings Forecasts of FY2009

	Six months ending September 30, 2009	YoY (%)	Year ending March 30, 2009	YoY (%)
Net sales	23,200	(34.6%)	51,000	(4.0%)
Operating income	(400)	—	1,000	—
Ordinary income	(500)	—	700	(52.1%)
Net income	(500)	—	100	(60.2%)
Net income per share (yen)	(14.88)	—	2.98	—

Note: Revision of earnings forecast for during this period: Yes

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4. Others

- 1) Important changes in subsidiaries: None
- 2) Use of simplified accounting method and special accounting policy for quarterly financial reporting: Yes
- 3) Changes in principles, procedures and display of accounting method concerning quarterly consolidated statement policies.
 1. Changes in accounting policies: None
 2. Other changes: None
- 4) Number of shares outstanding (common stock)
 - ① Number of shares issued (include treasury stocks)
 - As of June 30, 2009: 34,004,418 shares
 - As of March 31, 2008: 34,004,418 shares
 - ② Number of shares of treasury stock
 - As of June 30, 2009: 399,666 shares
 - As of March 31, 2008: 399,666 shares
 - ③ Average number of shares (1Q)
 - As of June 30, 2009: 33,604,752 shares
 - As of June 30, 2008: 33,936,152 shares

Explanations on the appropriate use of earnings forecasts:

The performance forecasts and estimates stated in this Financial Review are based on certain assumptions judged to be reasonable at the present time in light of information currently available. Consequently, actual operating results may differ substantially from the projections in the Financial Review.

(Reference) Non-consolidated Earnings Forecasts of FY2009

	(Millions of yen)			
	Six months ending September 30, 2009	YoY (%)	Year ending March 30, 2009	YoY (%)
Net sales	18,000	(35.7%)	39,300	(2.9%)
Operating income	(800)	—	(200)	—
Ordinary income	(100)	—	400	(77.4%)
Net income	100	(95.8%)	100	—
Net income per share (yen)	2.98		2.98	

Note: Revision of non-consolidated earnings forecast for during this period: Yes

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Qualitative Information, Financial Statements, etc.,

1. Qualitative information on consolidated operating results

1) Overview of business performance

In the first quarter of FY2009 (April 1, 2009–June 30, 2009), the world economy began emerging from the worst of its decline, supported by international policy coordination, but the business environment remained severe, as capital investment and personal consumption remained extremely weak.

In the semiconductor industry, the DISCO Group's core business area, capital investment by manufacturers had been sluggish. But their capacity utilization rates improved significantly in the first quarter, led by Asia. Furthermore, the steadily falling orders for semiconductor manufacturing equipment began to show signs of bottoming out.

Reflecting these circumstances, sales of precision blades and wheels, which are consumables, recovered to about 70% of peak levels. On the other hand, sales of precision processing equipment remained low, with the exception of strong laser saw shipments to LED manufacturers. To deal with the situation, we undertook various cost cutting measures, including thorough cost control and furloughs.

Against this backdrop, net sales dropped by 48.0% in FY2009 first quarter from the same period of the previous year to ¥9,256 million. As a consequence, the Group reported an operating loss of ¥1,142 million, compared to operating income of ¥1,854 million for the first quarter of the previous year, resulting in a net loss of ¥902 million, compared to net income of ¥1,253 million a year earlier.

Meanwhile, overseas sales totaled ¥6,785 million. The percentage of overseas sales to consolidated net sales rose by 8.9 percentage points to 73.3% from 64.4%.

2) Results by business segment

a. Electronic industry products

In the first quarter of FY2009, in addition to strong laser saw sales to LED manufacturers, there were some inquiries about dicing saws from subcontractors in Asia. But, overall sales of mainstay precision processing equipment remained at an extremely low level. On the other hand, the recovery of precision blade and wheels (consumables) to about 70% of their former peak sales, signaled improving capacity utilization rates at chipmakers and other manufacturers, as inventory adjustments ran their course, among other causes.

As a result, net sales in this segment in the first quarter dropped by 48.0% from the same period of the previous year to ¥8,946 million, while the segment reported an operating loss of ¥511 million, compared to an operating income of ¥2,617 million for the first quarter of FY2008.

b. Industrial grinding products

This segment manufactures and sells industrial diamond tools for use in the civil engineering and construction sectors and various manufacturing industries, and general-purpose grinding wheels for use in the manufacture of motor vehicles, electronic parts and other products.

Affected by a severe business environment, net sales in the first quarter fell by a sharp 48.8% to ¥286 million. This segment reported an operating loss of ¥37 million, compared to operating income of ¥70 million for the first quarter of the previous year.

c. Other business

This segment develops and sells computer system hardware and software. These products are mainly used by manufacturers of semiconductor fabrication equipment.

In the first quarter, net sales in this segment were ¥22 million, dropping by 6.5% from a year earlier, while an operating loss of ¥38 million was reported, compared to a ¥43 million operating loss for the same period of the previous year.

3) Results by geographical segments

a. Domestic segment

In addition to sales in the Japanese market, this segment also includes direct exports to Taiwan and South Korea and sales through local distributors in these markets. In the first quarter, demand picked up for precision blades and wheels, which are consumables, but reduced capital investment by semiconductor manufacturers and other negative factors caused net sales in this segment to plunge by 49.2% from the same quarter of the previous year to ¥5,711 million. This segment reported an operating loss of ¥894 million, compared to operating income of ¥2,102 million for the first quarter of FY2008.

b. Overseas segment (Sales by North American, Asian and European subsidiaries)

In North America, net sales dropped by 25.9% from the same period of the previous year to ¥738 million, while an operating loss of ¥10 million showed a ¥47 million improvement over the ¥57 million operating loss a year earlier. Net sales in Asia dropped by 45.9% to ¥1,753 million, while operating income in the region stood at ¥96 million, falling by 32.6%. In Europe, net sales plummeted by 54.4% to ¥1,053 million, while operating income was ¥138 million, a fall of 70.2%.

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4) Overseas sales (Total Group net sales to overseas customers)

Sales to North American customers dropped by 17.3% from FY2008 first quarter to ¥803 million, and sales to Asian customers were 36.0% lower than a year earlier, at ¥5,221 million. Sales to European customers were ¥760 million, a 67.1% plunge.

2. Qualitative information on consolidated financial positions

Total assets as of June 30, 2009 were ¥121,036 million, a decrease of ¥2,888 million from March 31, 2009, reflecting a drop in cash and cash equivalents. Factors behind this decline include payments of notes and accounts payable, payments for the purchases of property, plant and equipment and payments for cash dividends. Net assets amounted to ¥85,109 million, and the shareholders' equity ratio rose by 0.6 point from March 31, 2009 to 69.8%.

3. Qualitative information on forecasts for consolidated financial results

The global economic uncertainty is likely to continue for some time. In the semiconductor industry, however, with manufacturers' capacity utilization improving, orders for semiconductor manufacturing equipment are picking up. In addition, LED-related capital investments are rapidly increasing. Given these market conditions, we have revised our consolidated earnings forecasts for the year ending March 31, 2010, which were previously announced on May 15, 2009, as follows.

(Revision of consolidated business forecasts)

Forecasts for the interim period of fiscal year ending March 31, 2010
(April 1, 2009–September 30, 2009)

(Millions of yen)

	Previous forecast (A)	Revised forecast (B)	(B) - (A)	% change	(Ref.) Previous interim results
Net sales	19,300	23,200	3,900	20.2%	35,497
Operating income	(1,900)	(400)	1,500	-	3,949
Ordinary income	(2,100)	(500)	1,600	-	4,066
Net income	(1,500)	(500)	1,000	-	2,659
Net income per share (yen)	(44.64)	(14.88)			78.36

Forecasts for full period of fiscal year ending March 31, 2010
(April 1, 2009–March 31, 2010)

(Millions of yen)

	Previous forecast (A)	Revised forecast (B)	(B) - (A)	% change	(Ref.) Previous full year results
Net sales	44,000	51,000	7,000	15.9%	53,108
Operating income	(1,200)	1,000	2,200	-	76
Ordinary income	(1,500)	700	2,200	-	1,460
Net income	(1,400)	100	1,500	-	251
Net income per share (yen)	(41.66)	2.98			7.41

* Fiscal Year 2009 is the period from April 1, 2009 to March 31, 2010.

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(Revision of non-consolidated business forecasts)

Forecasts for the interim period of fiscal year ending March 31, 2010
(April 1, 2009–September 30, 2009)

(Millions of yen)

	Previous forecast (A)	Revised forecast (B)	(B) - (A)	% change	(Ref.) Previous interim results
Net sales	13,800	18,000	4,200	30.4%	28,000
Operating income	(2,200)	(800)	1,400	-	2,462
Ordinary income	(1,500)	(100)	1,400	-	3,643
Net income	(900)	100	1,000	-	2,373
Net income per share (yen)	(26.78)	2.98			69.95

Forecasts for full period of fiscal year ending March 31, 2010
(April 1, 2009–March 31, 2010)

(Millions of yen)

	Previous forecast (A)	Revised forecast (B)	(B) - (A)	% change	(Ref.) Previous full year
Net sales	32,000	39,300	7,300	22.8%	40,458
Operating income	(2,100)	(200)	1,900	-	(1,783)
Ordinary income	(1,500)	400	1,900	-	225
Net income	(1,200)	100	1,300	-	(344)
Net income per share (yen)	(35.71)	2.98			(10.15)

4. Others

- 1) Material changes in subsidiaries during the period under review (changes in specific subsidiaries affecting the scope of consolidation)

None.
- 2) Use of simplified accounting methods and special accounting policy for quarterly consolidated financial statements
 - ① Simplified accounting methods
 1. Valuation of inventories

When evaluating inventories at the end of the first quarter of FY2009, the Company omitted procedures for taking a physical inventory and instead calculated inventories using a reasonable method based on the physical inventory taken at the end of the previous fiscal year.
 2. Calculation of fixed asset depreciation

For assets depreciated using the declining-balance method, depreciation expenses applicable to the fiscal year are calculated on a pro-rata basis.
 3. Calculation of income taxes, etc. and deferred tax assets and liabilities

When calculating the amounts of payments of income taxes, etc., only material items of addition, subtraction and tax deduction are taken into account. In assessing the recoverability of deferred tax assets, when it is considered that no significant change has taken place in the business environment, etc. and in temporary difference, etc. since the end of the previous fiscal year, the Company uses the earnings forecasts and tax planning figures that were used at the end of the previous fiscal year. If any significant change has taken place in the business environment, etc. or in temporary difference, etc. since the end of the previous fiscal year, the Company uses the earnings forecasts and tax planning figures that were used at the end of the previous fiscal year in which such significant change is reflected.
 - ② Special accounting policy for quarterly consolidated financial statements

None.
- 3) Changes in accounting principles, procedures and display related to preparation of quarterly consolidated financial statements

None.

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5. Consolidated Financial Statement**1) Consolidated Balance Sheets (Unaudited)**

	(Millions of yen)	
	As of June 30, 2009	As of March 31, 2009
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	29,594	33,418
Notes and accounts receivable—trade	10,968	10,963
Merchandise and finished goods	5,013	5,533
Work in process	5,023	5,138
Raw materials and supplies	7,437	8,106
Other	2,153	3,217
Allowance for doubtful receivables	(65)	(71)
Total current assets	60,126	66,306
FIXED ASSETS:		
Tangible fixed assets		
Building and structures (Net)	19,992	20,324
Land	12,788	12,787
Other (Net)	18,330	15,430
Total tangible assets	51,110	48,542
Non-tangible fixed assets		
Investments and other assets		
Other	9,042	8,311
Allowance for doubtful accounts	(39)	(37)
Total investment and other assets	9,003	8,274
Total fixed assets	60,892	57,598
DEFERRED ASSETS:	17	20
TOTAL ASSETS	121,036	123,925

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	(Millions of yen)	
	As of June 30, 2009	As of March 31, 2009
LIABILITIES		
CURRENT LIABILITIES:		
Notes and accounts payable—trade	3,062	3,602
Short-term loans payable	1,070	1,072
Current portion of long-term loans payable	1,903	1,903
Current portion of bonds	300	300
Accrued income taxes	204	214
Provision for bonuses	676	1,358
Other provision	103	117
Other	2,866	3,301
Total current liabilities	10,187	11,871
LONG-TERM LIABILITIES:		
Bonds payable	2,700	2,700
Long-term loan payable	21,745	21,747
Provision	603	536
Negative goodwill	187	209
Other long-term liabilities	502	531
Total long-term liabilities	25,739	25,725
TOTAL LIABILITIES	35,927	37,596
NET ASSETS		
SHAREHOLDERS' EQUITY:		
Common stock	14,517	14,517
Additional paid-in capital	15,599	15,599
Retained earnings	56,104	57,342
Treasury stock	(1,071)	(1,071)
Total shareholders' equity	85,149	86,388
VALUATION AND TRANSLATION ADJUSTMENTS:		
Other securities valuation difference	8	0
Translation adjustments	(647)	(610)
Total valuation and translation adjustments	(638)	(610)
SHARE SUBSCRIPTION RIGHTS	473	421
MINORITY INTERESTS	124	130
TOTAL NET ASSETS	85,109	86,328
TOTAL LIABILITIES AND NET ASSETS	121,036	123,925

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2) Consolidated Statements of Income

	(Millions of yen)	
	FY2008 1Q	FY2009 1Q
Net sales	17,793	9,256
Cost of sales	9,067	5,333
Gross profit	8,726	3,922
Selling, general & administrative expenses	6,871	5,065
Operating income	1,854	(1,142)
Non-operating income		
Interest income	-	8
Interest and dividend income	50	-
Amortization of negative goodwill	22	22
Equity in earnings gain of associated companies	21	4
Other	45	39
Total non-operating income	140	74
Non-operating expenses		
Interest expense	5	92
Foreign exchange loss	38	15
Others	21	22
Total non-operating expenses	64	129
Ordinary income	1,929	(1,197)
Extraordinary income		
Gain on sales of noncurrent assets	3	0
Reversal of allowance for doubtful accounts	-	3
Others	0	1
Total extraordinary income	4	5
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	6	8
Special retirement expenses	11	79
Furlough expenses	-	165
Others	4	-
Total extraordinary loss	22	254
Income before income taxes and minority interest	1,911	(1,447)
Income taxes—Current	176	77
Income taxes—Deferred	489	(616)
Total income taxes	666	(539)
Minority interests in loss	(9)	(5)
Net income	1,253	(902)

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3) Consolidated Statements of Cash Flows

	(Millions of yen)	
	FY2008 1Q	FY2009 1Q
OPERATING ACTIVITIES		
Net income	1,911	(1,447)
Depreciation and amortization	954	1,189
Amortization of negative goodwill	(22)	(22)
Equity in earnings of associated companies	(21)	(4)
Increase(Decrease) in allowance for doubtful receivables	12	(4)
Increase(Decrease) in provision for bonuses	(864)	(682)
Loss(gain) on sales and retirement of property, plant and equipment	2	7
Interest and dividend income	(50)	(12)
Interest expense paid	5	92
Decrease in notes and accounts receivable—trade	3,461	(26)
Decrease(increase) in inventories	300	1,105
Increase(decrease) in notes and accounts payable—trade	(4,099)	(558)
Other, net	(1,090)	1,109
Subtotal	498	747
Interest and dividends income received	54	10
interest expense paid	(5)	(23)
Income tax paid	(1,660)	(74)
Net cash provided by operating activities	(1,111)	659
INVESTING ACTIVITIES		
Purchase of short-term investment securities	(500)	-
Purchases of property, plant and equipment	(2,107)	(4,170)
Proceeds from sales of property, plant and equipment	16	32
Purchases of intangible trade	(11)	(21)
Payments into time deposits	-	(9,400)
Others	10	25
Net cash used in investing activities	(2,611)	(13,532)
FINANCING ACTIVITIES		
Purchase of treasury stock	0	-
Cash dividend paid	(1,493)	(336)
Net cash used in financing activities	(1,494)	(336)
Effect on exchange rate change on cash and cash equivalents	461	(14)
Net change in cash and cash equivalents	(4,756)	(13,223)
Cash and cash equivalents, beginning of year	18,062	33,418
Cash and cash equivalents, end of year	13,306	20,194

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4) Going concern assumption

None

5) Segment Information**A) Information by business segment**

(Millions of yen)

Three months ended June 30, 2009						
	Electronic industry product segment	Industrial grinding product segment	Other business segment	Total	Eliminations (Corporate)	Consolidated
Net sales to external customers	8,946	289	22	9,256	-	9,256
Intersegment net sales	-	9	13	22	(22)	-
Total net sales	8,946	296	36	9,279	(22)	9,256
Operating income	(511)	(37)	(38)	(587)	(555)	(1,142)

(Millions of yen)

Three months ended June 30, 2008						
	Electronic industry product segment	Industrial grinding product segment	Other business segment	Total	Eliminations (Corporate)	Consolidated
Net sales to external customers	17,209	559	24	17,793	-	17,793
Intersegment net sales	-	16	18	35	(35)	-
Total net sales	17,209	576	42	17,829	(35)	17,793
Operating income	2,617	70	(43)	2,643	(789)	1,854

Note:

1. Method of classifying business: Products are classified mainly on the basis of market similarity.
2. Major products in each business segment:
 - 1) Electronic industry product segment: dicing saws, laser saws, grinders, polishers, dry etchers, surface planer, dicing blades, grinding wheels, dry polishing wheels and electronic parts.
 - 2) Industrial grinding products segment: industrial diamond wheels and cut-off wheels
 - 3) Other business segment: software

B) Information by geographic segment

(Millions of yen)

Three months ended June 30, 2009							
	Japan	North America	Asia	Europe	Total	Elimination (Corporate)	Consolidated
Net sales to external customers	5,711	738	1,753	1,053	9,256	-	9,256
Intersegment net sales	2,092	15	201	9	2,318	(2,318)	-
Total net sales	7,803	754	1,954	1,062	11,574	(2,318)	9,256
Operating income	(894)	(10)	96	138	(668)	(473)	(1,142)

(Millions of yen)

Three months ended June 30, 2008							
	Japan	North America	Asia	Europe	Total	Elimination (Corporate)	Consolidated
Net sales to external customers	11,246	996	3,239	2,310	17,793	-	17,793
Intersegment net sales	4,382	10	231	0	4,624	(4,624)	-
Total net sales	15,629	1,007	3,471	2,310	22,418	(4,624)	17,793
Operating income	2,102	(57)	143	465	2,653	(799)	1,854

Note:

1. National and regional categories are determined on the basis of geographic proximity.
2. Main countries and territories except Japan are as follows;
 - 1) "North America" includes operations located primarily in the United States.
 - 2) "Asia" includes operations located primarily in Singapore, Malaysia, Thailand, China, Korea and Taiwan.
 - 3) "Europe" includes operations located primarily in Germany, France and the United Kingdom.

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C) Overseas sales

(Millions of yen)

	Three months ended June 30, 2009			
	North America	Asia	Europe	Consolidated
Net sales to foreign customers	803	5,221	760	6,785
Consolidated Sales	-	-	-	9,256
Net sales to foreign customers as a percentage of total net sales	8.7%	56.4%	8.2%	73.3%

(Millions of yen)

	Three months ended June 30, 2008			
	North America	Asia	Europe	Consolidated
Net sales to foreign customers	972	8,164	2,313	11,450
Consolidated Sales	-	-	-	17,793
Net sales to foreign customers as a percentage of total net sales	5.5%	45.9%	13.0%	64.4%

Note:

1. National and regional categories are determined on the basis of geographic proximity.
2. Main countries and territories except Japan are as follows;
 - 1) "North America" includes operations located primarily in the United States.
 - 2) "Asia" includes operations located primarily in Singapore, Malaysia, Thailand, China, Korea and Taiwan.
 - 3) "Europe" includes operations located primarily in Germany, France and the United Kingdom.
3. Foreign sales indicates net sales in countries and territories except Japan.

6) Notes on significant changes in shareholders' equity

Not applicable.

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6. Other Information**1) Production results**

(Millions of yen)

	Three months ended June 30, 2009	YoY(%)
Electronic industry product segment	7,317	51.5
Industrial grinding product segment	169	55.3
Other business segment	36	85.2
Total	7,523	51.6

Note:

1. The amounts are based on sales prices before internal transfer between segments.
2. The amounts shown above do not include consumption taxes.

2) Orders and order backlog

(Millions of yen)

	Orders		Order backlog	
	Three months ended June 30, 2009	YoY(%)	Three months ended June 30, 2009	YoY(%)
Electronic industry product segment	10,013	58.5	4,553	51.4
Industrial grinding product segment	289	57.7	44	23.8
Other business segment	10	13.4	14	19.5
Total	10,312	58.3	4,612	50.6

Note:

1. Inter-segment transactions have been eliminated.
2. The amounts shown above do not include consumption taxes.

3) Sales results

(Millions of yen)

	Three months ended June 30, 2009	YoY(%)
Electronic industry product segment	8,946	52
Industrial grinding product segment	286	51.2
Other business segment	22	93.5
Total	9,256	52.0

Note:

1. Inter-segment transactions have been eliminated.
2. The amounts shown above do not include consumption taxes.