



August 9, 2010

## Consolidated Financial Results for the First Quarter of Fiscal Year 2010

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 FY2010 1Q (April 1, 2010 though June 30, 2010)

#### 1) Operating results (Accumulated)

	Three months ended		
	June 30, 2010	June 30, 2009	YoY(%)
Net sales	24,057	9,256	159.9%
Operating income	4,136	(1,142)	-
Ordinary income	4,338	(1,197)	-
Net income	2,841	(902)	-
Net income per share (yen)	84.54	(26.86)	-
Fully diluted net income per share (yen)	80.16	-	-

#### 2) Financial position

	As of June 30, 2010	As of March 31, 2010
Total assets	128,126	124,313
Net assets	90,090	88,091
Equity ratio (%)	69.7%	70.3%
Net assets per share (yen)	2,657.81	2,599.69

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

89,323 million yen	(as of June 30, 2010)
87,367 million yen	(as of March 31, 2010)

### 2. Dividends

	Fiscal Year 2010 Actual	Fiscal Year 2009	Fiscal Year 2010 Forecast
1Q-end dividend per share (yen)	—	—	—
2Q-end dividend per share (yen)	—	10.00	35.00
3Q-end dividend per share (yen)	—	—	—
Year-end dividend per share (yen)	—	10.00	40.00
Annual dividend per share (yen)	—	20.00	75.00

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

### 3. Earnings Forecasts of FY2010

	Six months ending September 30, 2010	YoY (%)	Year ending March 30, 2010	YoY (%)
Net sales	54,000	134.2	102,000	65.2
Operating income	10,600	—	18,800	302.8
Ordinary income	10,800	—	20,000	338.5
Net income	6,900	—	12,600	410.0
Net income per share (yen)	205.31	—	374.91	—

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, 2010: 34,004,418 shares
    - As of March 31, 2009: 34,004,418 shares
  - ② Number of shares of treasury stock
    - As of June 30, 2010: 396,496 shares
    - As of March 31, 2009: 397,346 shares
  - ③ Average number of shares (1Q)
    - As of June 30, 2010: 33,607,753 shares
    - As of June 30, 2009: 33,604,752 shares

#### Information regarding the implementation of quarterly review procedures:

These quarterly financial results are not subject to quarterly review procedures. Thus, at the time of disclosure of these financial results, the quarterly financial statement review procedures based on the Financial Instruments and Exchange Law, have not been completed.

#### 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 FY2010

	(Millions of yen)			
	Six months ending September 30, 2010	YoY (%)	Year ending March 30, 2010	YoY (%)
Net sales	46,000	156.5	86,000	72.5
Operating income	7,800	—	13,600	536.9
Ordinary income	8,200	—	14,900	393.8
Net income	4,900	—	8,500	406.6
Net income per share (yen)	145.80		252.92	

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

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

(Millions of yen)

	As of June 30, 2010	As of March 31, 2010
<b>Assets</b>		
<b>Current assets</b>		
Cash and deposits	16,997	18,247
Notes and accounts receivable-trade	25,594	23,087
Merchandise and finished goods	5,301	5,007
Work in process	6,520	5,920
Raw materials and supplies	8,649	7,612
Other	3,069	3,113
Allowance for doubtful accounts	(54)	(63)
<b>Total current assets</b>	<b>66,078</b>	<b>62,926</b>
<b>Noncurrent assets</b>		
Property, plant and equipment		
Buildings and structures, net	31,305	28,933
Land	12,779	12,794
Other, net	10,268	11,950
<b>Total property, plant and equipment</b>	<b>54,353</b>	<b>53,678</b>
Intangible assets	739	756
Investments and other assets		
Other	6,967	6,968
Allowance for doubtful accounts	(33)	(38)
<b>Total investments and other assets</b>	<b>6,933</b>	<b>6,929</b>
Total noncurrent assets	62,026	61,364
Deferred assets	21	22
<b>Total assets</b>	<b>128,126</b>	<b>124,313</b>

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(Millions of yen)

	As of June 30, 2010	As of March 31, 2010
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	15,281	12,557
Short-term loans payable	—	1,000
Income taxes payable	1,519	403
Provision for bonuses	1,284	1,851
Other provision	271	258
Other	8,141	6,713
<b>Total current liabilities</b>	<b>26,497</b>	<b>22,784</b>
<b>Noncurrent liabilities</b>		
Convertible bond-type bonds with subscription rights to shares	10,000	10,000
Long-term loans payable	—	2,000
Provision	890	815
Negative goodwill	97	119
Other	551	501
<b>Total noncurrent liabilities</b>	<b>11,538</b>	<b>13,437</b>
<b>Total liabilities</b>	<b>38,036</b>	<b>36,221</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	14,517	14,517
Capital surplus	15,606	15,604
Retained earnings	61,646	59,141
Treasury stock	(1,063)	(1,065)
<b>Total shareholders' equity</b>	<b>90,707</b>	<b>88,197</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	6	11
Foreign currency translation adjustment	(1,390)	(841)
<b>Total valuation and translation adjustments</b>	<b>(1,383)</b>	<b>(829)</b>
Subscription rights to shares	629	589
Minority interests	136	134
<b>Total net assets</b>	<b>90,090</b>	<b>88,091</b>
<b>Total liabilities and net assets</b>	<b>128,126</b>	<b>124,313</b>

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**2) Consolidated Statements of Income**

(Millions of yen)

	FY2009 1Q	FY2010 1Q
<b>Net sales</b>	9,256	24,057
<b>Cost of sales</b>	5,333	12,748
Gross profit	3,922	11,308
Selling, general and administrative expenses	5,065	7,172
<b>Operating income (loss)</b>	(1,142)	4,136
Non-operating income		
Interest income	8	15
Amortization of negative goodwill	22	22
Equity in earnings of affiliates	4	27
Foreign exchange gains	—	116
Other	39	40
Total non-operating income	74	221
Non-operating expenses		
Interest expenses	92	11
Sales discounts	—	5
Foreign exchange losses	15	—
Other	22	1
Total non-operating expenses	129	18
<b>Ordinary income (loss)</b>	(1,197)	4,338
Extraordinary income		
Gain on sales of noncurrent assets	0	8
Reversal of allowance for doubtful accounts	3	9
Other	1	1
Total extraordinary income	5	19
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	8	13
Special retirement expenses	79	25
Furlough expenses	165	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	33
Other	—	9
Total extraordinary losses	254	82
<b>Income (loss) before income taxes</b>	(1,447)	4,275
Income taxes-current	77	1,425
Income taxes-deferred	(616)	7
Total income taxes	(539)	1,432
Income (loss) before minority interests	—	2,842
Minority interests in income (loss)	(5)	1
<b>Net income (loss)</b>	(902)	2,841

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**3) Consolidated Statements of Cash Flows**

(Millions of yen)

	FY2009 1Q	FY2010 1Q
<b>Net cash provided by (used in) operating activities</b>		
Income (loss) before income taxes	(1,447)	4,275
Depreciation and amortization	1,189	1,358
Amortization of negative goodwill	(22)	(22)
Equity in (earnings) losses of affiliates	(4)	(27)
Increase (decrease) in allowance for doubtful accounts	(4)	(5)
Increase (decrease) in provision for bonuses	(682)	(558)
Loss (gain) on sales and retirement of property, plant and equipment	7	3
Interest and dividends income	(12)	(20)
Interest expenses	92	11
Decrease (increase) in notes and accounts receivable-trade	(26)	(2,947)
Decrease (increase) in inventories	1,105	(2,006)
Increase (decrease) in notes and accounts payable-	(558)	2,882
Other, net	1,109	2,279
Subtotal	747	5,222
Interest and dividends income received	10	27
Interest expenses paid	(23)	(9)
Income taxes paid	(74)	(321)
<b>Net cash provided by (used in) operating activities</b>	<b>659</b>	<b>4,918</b>
<b>Net cash provided by (used in) investing activities</b>		
Purchase of short-term investment securities		
Purchase of property, plant and equipment	(4,170)	(2,336)
Proceeds from sales of property, plant and equipment	32	7
Purchase of intangible assets	(21)	(24)
Payments into time deposits	(9,400)	—
Proceeds from withdrawal of time deposits	—	3,000
Other, net	25	(18)
<b>Net cash provided by (used in) investing activities</b>	<b>(13,532)</b>	<b>627</b>
<b>Net cash provided by (used in) financing activities</b>		
Net increase (decrease) in short-term loans payable	—	(1,000)
Repayment of long-term loans payable	—	(2,000)
Purchase of treasury stock		
Cash dividends paid	(336)	(336)
Other, net	—	4
<b>Net cash provided by (used in) financing activities</b>	<b>(336)</b>	<b>(3,332)</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>(14)</b>	<b>(463)</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(13,223)</b>	<b>1,750</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>33,418</b>	<b>15,247</b>
<b>Cash and cash equivalents at end of period</b>	<b>20,194</b>	<b>16,997</b>

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**4) Going concern assumption**

None

**5) Notes on significant changes in shareholders' equity**

Not applicable

## Consolidated Financial Information

(Millions of Yen)

■ Net Sales and Orders	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010_1Q
Net Sales	48,242	60,320	68,885	86,160	91,618	53,108	61,730	24,057
Orders	51,787	59,685	70,853	86,778	92,287	47,436	66,258	26,136
Order Backlog	7,740	5,972	7,940	8,558	9,228	3,630	8,084	10,163

■ Consolidated Earnings	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010_1Q
Net Sales	48,242	60,320	68,885	86,160	91,618	53,108	61,730	24,057
Cost of Sales	25,224	29,740	32,734	42,106	44,757	28,034	33,038	12,748
SG&A	17,392	20,710	22,201	24,529	27,526	24,997	24,023	7,172
Operating Income	5,625	9,869	13,949	19,524	19,333	76	4,667	4,136
Ordinary Income	5,412	10,006	14,410	19,667	18,564	1,460	4,560	4,338
Net Income	3,094	5,301	8,230	10,936	11,112	251	2,470	2,841
Gross Profit Margin (%)	47.7%	50.7%	52.5%	51.1%	51.1%	47.2%	46.5%	47.0%
SG&A Ratio (%)	36.1%	34.3%	32.2%	28.5%	30.0%	47.1%	38.9%	29.8%
Operating Income Margin (%)	11.7%	16.4%	20.2%	22.7%	21.1%	0.1%	7.6%	17.2%
Ordinary Income Margin (%)	11.2%	16.6%	20.9%	22.8%	20.3%	2.8%	7.4%	18.0%
Net Income Margin (%)	6.4%	8.8%	11.9%	12.7%	12.1%	0.5%	4.0%	11.8%

■ Segment Contribution to Consolidated Net Sales	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010_1Q
Precision Processing Equipment (%)	51%	56%	53%	54%	53%	42%	49%	60%
<i>(Dicing Saws Including Laser Saw)</i>	<i>70%</i>	<i>70%</i>	<i>70%</i>	<i>70%</i>	<i>70%</i>	<i>80%</i>	<i>80%</i>	<i>80%</i>
<i>(Grinders and Polishers)</i>	<i>30%</i>	<i>30%</i>	<i>30%</i>	<i>30%</i>	<i>30%</i>	<i>20%</i>	<i>20%</i>	<i>20%</i>
Consumables (%)	22%	20%	20%	19%	20%	26%	25%	18%
Maintenance Parts (%)	10%	9%	8%	6%	5%	7%	5%	2%
Others (%)	7%	7%	11%	15%	16%	16%	15%	15%
Precision Parts (Technisco) (%)	4%	4%	4%	3%	4%	5%	4%	3%
Industrial Products (%)	5%	4%	4%	3%	3%	4%	2%	2%

■ Sales by Region	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010_1Q
Japan	22,015	24,380	24,320	29,336	33,009	19,583	18,228	5,976
North America	3,467	5,474	5,342	5,919	5,721	3,515	3,641	1,138
Europe	5,693	5,842	6,414	9,797	10,217	7,459	5,457	1,829
Asia	17,066	24,623	32,806	41,106	42,669	22,548	34,403	15,113
Overseas Sales Total	26,227	35,940	44,564	56,824	58,608	33,524	43,502	18,080
Overseas Sales Ratio (%)	54.4%	59.6%	64.7%	66.0%	64.0%	63.1%	70.5%	75.2%



■ Balance Sheets	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010_1Q
Cash and Deposits	19,031	16,891	22,003	27,045	19,062	33,418	18,247	16,997
Current Assets	51,598	50,517	64,279	75,799	69,881	66,306	62,926	66,078
Property, Plant and Equipment	21,788	29,406	29,057	33,603	41,236	48,542	53,678	54,353
Investments and Other Assets	6,191	4,502	5,223	3,462	6,608	8,274	6,929	6,933
Noncurrent Assets	28,754	34,321	35,039	37,991	48,722	57,598	61,364	62,026
Total Assets	80,353	84,839	99,318	113,791	118,603	123,925	124,313	128,126

Current Liabilities	15,015	14,966	25,493	28,819	26,364	11,871	22,784	26,497
Noncurrent Liabilities	14,156	13,843	3,123	3,148	2,573	25,725	13,437	11,538
Net Assets	51,002	55,726	70,276	81,823	89,665	86,328	88,091	90,090
Liabilities and Net Assets	80,353	84,839	99,318	113,791	118,603	123,925	124,313	128,126

ROE (%)	6.2%	9.9%	13.1%	14.4%	13.1%	0.3%	2.9%	3.2%
ROA (%)	7.9%	12.0%	15.2%	18.5%	16.9%	0.2%	3.8%	3.2%
Equity Ratio (%)	63.5%	65.7%	70.8%	71.5%	75.0%	69.2%	70.3%	69.7%

■ Cash Flows	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010_1Q
Cash Flows from Operating Activities	6,360	7,281	12,322	13,194	9,296	4,605	11,017	4,918
Cash Flows from Investing Activities	(3,585)	(7,432)	(4,409)	(8,952)	(11,825)	(13,586)	(13,950)	627
Cash Flows from Financing Activities	9,631	(2,056)	(3,031)	(2,428)	(3,180)	24,363	(15,411)	(3,332)
Free Cash Flow	2,775	(151)	7,913	4,242	(2,529)	(8,981)	(2,932)	5,545
Cash and Cash Equivalents	19,031	16,891	22,003	24,045	18,062	33,418	15,247	16,997

■ CAPEX/R&D	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010_1Q
CAPEX	3,299	11,815	3,287	6,553	10,037	13,496	11,626	
Depreciation	2,020	2,439	2,761	2,964	3,651	4,656	5,364	1,358
R&D Expenses	4,945	6,255	6,352	6,414	8,332	8,531	7,766	2,092
R&D Expenses/Net Sales (%)	10.3%	10.4%	9.2%	7.4%	9.1%	16.1%	12.6%	8.7%

(Yen)

■ Financial Indicators	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010_1Q
Net Asset Per Share	1,585.87	1,729.71	2,091.66	2,393.27	2,620.56	2,552.54	2,599.69	2,657.81
Net Income Per Share	94.72	162.57	252.82	322.32	327.07	7.41	73.51	84.54
Interim Dividend Per Share	15	15	15	30	35	10	10	-
Final Dividend Per Share	15	15	35	35	44	10	10	-
Commemorative Dividend Per Share	-	10	-	10	-	-	-	-
Dividend Payout Ratio (%)	-	-	19.8%	23.3%	24.2%	269.9%	27.2%	-

■ Employees	FY2003	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010_1Q
Number of Employees (Consolidated)	1,670	1,678	1,721	2,012	2,260	2,438	2,465	2,509
Average Number of Non-Regular Employees	604	656	692	794	900	1,044	1,010	1,050

## Quarterly Financial Data

(Millions of Yen)

■Net Sales and Orders	FY2007				FY2008				FY2009				FY2010			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net Sales	19,979	26,161	23,301	22,175	17,793	17,703	11,110	6,500	9,256	13,801	17,995	20,676	24,057			
Order	23,671	24,315	23,278	21,022	17,682	15,808	8,591	5,354	10,312	14,432	19,428	22,085	26,136			
Order Backlog	12,250	10,404	10,381	9,228	9,116	7,221	4,702	3,630	4,612	5,243	6,676	8,084	10,163			

■Consolidated Earnings	FY2007				FY2008				FY2009				FY2010			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net Sales	19,979	26,161	23,301	22,175	17,793	17,703	11,110	6,500	9,256	13,801	17,995	20,676	24,057			
Cost of Sales	9,682	12,668	11,580	10,826	9,067	8,932	5,746	4,286	5,333	7,275	9,631	10,797	12,748			
SG&A	6,020	6,743	6,843	7,918	6,871	6,674	6,382	5,068	5,065	5,562	6,233	7,161	7,172			
Operating Income	4,275	6,750	4,877	3,429	1,854	2,095	△ 1,018	△ 2,855	△ 1,142	963	2,130	2,717	4,136			
Ordinary Income	4,656	6,374	4,902	2,629	1,929	2,137	△ 523	△ 2,082	△ 1,197	914	2,116	2,728	4,338			
Net Income	2,641	3,559	2,545	2,364	1,253	1,405	△ 545	△ 1,862	△ 902	806	1,277	1,288	2,841			
Gross Profit Margin (%)	51.5%	51.6%	50.3%	51.2%	49.0%	49.5%	48.3%	34.1%	42.4%	47.3%	46.5%	47.8%	47.0%			
SG&A Ratio (%)	30.1%	25.8%	29.4%	35.7%	38.6%	37.7%	57.4%	78.0%	54.7%	40.3%	34.6%	34.6%	29.8%			
Operating Income Margin (%)	21.4%	25.8%	20.9%	15.5%	10.4%	11.8%	-9.2%	-43.9%	-12.3%	7.0%	11.8%	13.1%	17.2%			
Ordinary Income Margin (%)	23.3%	24.4%	21.0%	11.9%	10.8%	12.1%	-4.7%	-32.0%	-12.9%	6.6%	11.8%	13.2%	18.0%			
Net Income Margin (%)	13.2%	13.6%	10.9%	10.7%	7.0%	7.9%	-4.9%	-28.6%	-9.8%	5.8%	7.1%	6.2%	11.8%			

■Segment Contribution to Consolidated Net Sales	FY2007				FY2008				FY2009				FY2010			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Precision Processing Equipment (%)	49%	56%	51%	55%	47%	46%	36%	29%	30%	46%	55%	55%	60%			
(Dicing Saws Including Laser Saw)	70%	70%	70%	60%	80%	80%	70%	70%	80%	90%	80%	80%	80%			
(Grinders and Polishers)	30%	30%	30%	40%	20%	20%	30%	30%	20%	10%	20%	20%	20%			
Consumables (%)	21%	18%	21%	19%	25%	26%	29%	28%	37%	27%	22%	19%	18%			
Maintenance Parts (%)	5%	4%	5%	5%	7%	6%	6%	6%	6%	6%	3%	4%	2%			
Others (%)	18%	15%	16%	14%	12%	14%	18%	24%	18%	14%	14%	16%	15%			
Precision processing parts (Technisco) (%)	4%	3%	4%	4%	5%	5%	6%	7%	5%	4%	3%	3%	3%			
Industrial grinding products (%)	3%	3%	3%	3%	3%	3%	4%	6%	3%	2%	2%	2%	2%			

■Sales by Region	FY2007				FY2008				FY2009				FY2010			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Japan	7,797	8,401	8,814	7,996	6,343	5,547	4,447	3,245	2,471	5,186	4,402	6,168	5,976			
North America	1,133	1,553	1,399	1,635	972	1,284	968	291	803	671	1,126	1,039	1,138			
Europe	2,612	2,437	2,663	2,503	2,313	2,536	1,827	782	760	1,212	1,559	1,925	1,829			
Asia	8,435	13,768	10,424	10,040	8,164	8,335	3,867	2,180	5,221	6,730	10,907	11,543	15,113			
Overseas Sales Total	12,181	17,759	14,487	14,179	11,450	12,156	6,663	3,254	6,785	8,615	13,593	14,508	18,080			
Overseas Sales Ratio (%)	61.0%	67.9%	62.2%	63.9%	64.3%	68.7%	60.0%	50.1%	73.3%	62.4%	75.5%	70.2%	75.2%			