



February 7, 2011

## Consolidated Financial Results for the Third 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 3Q (April 1, 2010 though December 31, 2010)

#### 1) Operating results (Accumulated)

	Nine months ended		
	December 31, 2010	December 31, 2009	YoY(%)
Net sales	74,660	41,053	81.9%
Operating income	12,170	1,950	524.0%
Ordinary income	12,387	1,832	575.9%
Net income	7,990	1,182	575.9%
Net income per share (yen)	237.77	35.18	-
Fully diluted net income per share (yen)	225.64	35.04	-

#### 2) Financial position

	As of December 31, 2010	As of March 31, 2010
Total assets	136,890	124,313
Net assets	93,927	88,091
Equity ratio (%)	68.0%	70.3%
Net assets per share (yen)	2,768.30	2,599.69

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

93,057 million yen (as of December 31, 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)	25.00	10.00	—
3Q-end dividend per share (yen)	—	—	—
Year-end dividend per share (yen)	—	10.00	36.00
Annual dividend per share (yen)	—	20.00	61.00

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

### 3. Earnings Forecasts of FY2010

(Millions of yen)

	Year ending March 31, 2011	YoY (%)
Net sales	97,700	58.3
Operating income	15,100	223.5
Ordinary income	16,400	259.6
Net income	10,100	308.8
Net income per share (yen)	300.46	—

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: Yes
  2. Other changes: None
- 4) Number of shares outstanding (common stock)
  - ① Number of shares issued (include treasury stocks)
    - As of December 31, 2010: 34,004,418 shares
    - As of March 31, 2010: 34,004,418 shares
  - ② Number of shares of treasury stock
    - As of December 31, 2010: 389,096 shares
    - As of March 31, 2009: 397,346 shares
  - ③ Average number of shares (3Q)
    - As of December 31, 2010: 33,608,334 shares
    - As of December 31, 2009: 33,605,427 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)		
	Year ending March 31, 2011	YoY (%)
Net sales	83,000	66.5
Operating income	10,400	387.0
Ordinary income	11,800	291.1
Net income	7,200	329.1
Net income per share (yen)	214.19	

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 December 31, 2010	As of March 31, 2010
<b>Assets</b>		
Current assets		
Cash and deposits	21,710	18,247
Notes and accounts receivable-trade	26,938	23,087
Merchandise and finished goods	5,876	5,007
Work in process	8,341	5,920
Raw materials and supplies	9,495	7,612
Other	3,779	3,113
Allowance for doubtful accounts	(23)	(63)
Total current assets	76,118	62,926
Noncurrent assets		
Property, plant and equipment		
Buildings and structures, net	30,080	28,933
Land	12,766	12,794
Other, net	9,866	11,950
Total property, plant and equipment	52,713	53,678
Intangible assets	725	756
Investments and other assets		
Other	7,363	6,968
Allowance for doubtful accounts	(49)	(38)
Total investments and other assets	7,313	6,929
Total noncurrent assets	60,752	61,364
Deferred assets	19	22
<b>Total assets</b>	<b>136,890</b>	<b>124,313</b>

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	(Millions of yen)	
	As of December 31, 2010	As of March 31, 2010
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable-trade	16,535	12,557
Short-term loans payable	—	1,000
Current portion of long-term loans payable	249	—
Income taxes payable	4,267	403
Provision for bonuses	1,343	1,851
Other provision	427	258
Other	7,823	6,713
<b>Total current liabilities</b>	<b>30,647</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	650	2,000
Provision	1,070	815
Negative goodwill	52	119
Other	542	501
<b>Total noncurrent liabilities</b>	<b>12,315</b>	<b>13,437</b>
<b>Total liabilities</b>	<b>42,962</b>	<b>36,221</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	14,517	14,517
Capital surplus	15,610	15,604
Retained earnings	65,972	59,141
Treasury stock	(1,043)	(1,065)
<b>Total shareholders' equity</b>	<b>95,056</b>	<b>88,197</b>
<b>Valuation and translation adjustments</b>		
Valuation difference on available-for-sale securities	7	11
Foreign currency translation adjustment	(2,006)	(841)
<b>Total valuation and translation adjustments</b>	<b>(1,999)</b>	<b>(829)</b>
Subscription rights to shares	736	589
Minority interests	133	134
<b>Total net assets</b>	<b>93,927</b>	<b>88,091</b>
<b>Total liabilities and net assets</b>	<b>136,890</b>	<b>124,313</b>

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**2) Consolidated Statements of Income**

	(Millions of yen)	
	FY2009	FY2010
	1-3Q	1-3Q
Net sales	41,053	74,660
Cost of sales	22,241	39,718
Gross profit	18,812	34,942
Selling, general and administrative expenses	16,862	22,771
Operating income	1,950	12,170
Non-operating income		
Interest income	42	37
Amortization of negative goodwill	67	67
Equity in earnings of affiliates	20	112
Foreign exchange gains	—	30
Other	125	107
Total non-operating income	256	356
Non-operating expenses		
Interest expenses	284	23
Foreign exchange losses	49	—
Depreciation	—	74
Other	40	41
Total non-operating expenses	374	139
Ordinary income	1,832	12,387
Extraordinary income		
Gain on prior period adjustment	—	23
Reversal of allowance for doubtful accounts	—	23
Subsidy income for furlough	248	—
Other	16	15
Total extraordinary income	265	61
Extraordinary loss		
Loss on sales and retirement of noncurrent assets	37	148
Special retirement expenses	105	45
Furlough expenses	179	—
Loss on adjustment for changes of accounting standard for asset retirement obligations	—	45
Other	49	56
Total extraordinary losses	372	297
Income before income taxes	1,725	12,151
Income taxes-current	413	4,462
Income taxes-deferred	134	(305)
Total income taxes	548	4156
Income before minority interests	—	7994
Minority interests in income (loss)	-4	3
Net income	1182	7990

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**3) Consolidated Statements of Cash Flows**

	(Millions of yen)	
	FY2009	FY2010
	1-3Q	1-3Q
Net cash provided by (used in) operating activities		
Income before income taxes	1,725	12,151
Depreciation and amortization	3,802	4,409
Amortization of negative goodwill	(67)	(67)
Equity in (earnings) losses of affiliates	(20)	(112)
Increase (decrease) in allowance for doubtful accounts	(7)	(18)
Increase (decrease) in provision for bonuses	(475)	(559)
Loss (gain) on sales and retirement of property, plant and equipment	29	94
Interest and dividends income	(48)	(47)
Interest expenses	284	23
Decrease (increase) in notes and accounts receivable-trade	(8,404)	(4,704)
Decrease (increase) in inventories	1,326	(5,009)
Increase (decrease) in notes and accounts payable-trade	6,561	4,039
Other, net	3,626	3,615
<b>Subtotal</b>	<b>8,331</b>	<b>13,815</b>
Interest and dividends income received	36	67
Interest expenses paid	(203)	(1)
Income taxes (paid) refund	288	(542)
<b>Net cash provided by (used in) operating activities</b>	<b>8,451</b>	<b>13,338</b>
Net cash provided by (used in) investing activities		
Purchase of property, plant and equipment	(6,649)	(5,008)
Proceeds from sales of property, plant and equipment	33	18
Purchase of intangible assets	(32)	(86)
Payments into time deposits	(9,400)	(577)
Proceeds from withdrawal of time deposits	6,400	3,058
Other, net	(245)	(237)
<b>Net cash provided by (used in) investing activities</b>	<b>(9,895)</b>	<b>(2,832)</b>
Net cash provided by (used in) financing activities		
Net increase (decrease) in short-term loans payable	—	(1,000)
Proceeds from long-term loans payable	—	900
Repayment of long-term loans payable	(14,397)	(2,000)
Proceeds from issuance of bonds	9,976	—
Redemption of bonds	(150)	—
Cash dividends paid	(673)	(1,177)
Other, net	11	23
<b>Net cash provided by (used in) financing activities</b>	<b>(5,233)</b>	<b>(3,254)</b>
Effect of exchange rate change on cash and cash equivalents	159	(1,287)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(6,517)</b>	<b>5,963</b>
Cash and cash equivalents at beginning of period	33,418	15,247
Cash and cash equivalents at end of period	26,901	21,211

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**4) Going concern assumption**

None

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

Not applicable