



February 6, 2017

Consolidated Financial Results for the Third Quarter of Fiscal Year 2016

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 FY2016 3Q(April 1, 2016 though December 31, 2016)

1) Operating results (Accumulated)

	Nine months ended		
	December 31, 2015	December 31, 2016	YoY(%)
Net sales	94,292	95,437	1.2%
Operating income	23,869	21,000	-12.0%
Ordinary income	23,956	20,866	-12.9%
Net income	16,459	15,474	-6.0%
Net income per share (yen)	460.58	432.26	-

2) Financial position

	As of March 31, 2016	As of December 31, 2016
Total assets	207,953	215,022
Net assets	168,035	172,761
Equity ratio (%)	80.4%	79.9%

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

171,875 million yen (as of December 31, 2016)
 167,223 million yen (as of March 31, 2016)

2. Dividends

	Fiscal Year 2015	Fiscal Year 2016 Actual	Fiscal Year 2016 Forecast
1Q-end dividend per share (yen)	—	—	
2Q-end dividend per share (yen)	85.00	83.00	
3Q-end dividend per share (yen)	—	—	
Year-end dividend per share (yen)	230.00		278.00
Annual dividend per share (yen)	315.00		361.00

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

3. Earnings Forecasts of FY2016

	Year ending March 31, 2017	YoY (%)
Net sales	132,400	3.6
Operating income	30,700	1.2
Ordinary income	30,800	0.4
Net income	23,500	1.7
Net income per share (yen)	655.58	—

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

Unaudited translation, provided for reference only

4. Others

- 1) Important changes in subsidiaries: None
- 2) Changes in principles, procedures and display of accounting method concerning consolidated statement policies.
 1. Changes in accounting policies: Yes
 2. Other changes: None
- 3) Number of shares outstanding (common stock)
 - ① Number of shares issued (include treasury stocks)

As of December 31, 2016:	35,850,471 shares
As of March 31, 2016:	35,789,271 shares
 - ② Number of shares of treasury stock

As of December 31, 2016:	4,473 shares
As of March 31, 2016:	4,273 shares
 - ③ Average number of shares

As of December 31, 2016:	35,798,786 shares
As of December 31, 2015:	35,736,283 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 FY2016**

(Millions of yen)

	Year ending March 31, 2017	YoY (%)
Net sales	111,100	1.8
Operating income	21,000	(13.1)
Ordinary income	23,700	(13.4)
Net income	18,700	(10.8)
Net income per share (yen)	521.68	-

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

Consolidated Earnings Forecasts of FY2017 1Q

(Millions of yen)

	Three month ending June 30, 2017	YoY (%)
Net sales	40,000	27.9
Operating income	11,600	67.4
Ordinary income	11,800	57.5
Net income	8,600	48.4
Net income per share (yen)	232.92	-

Non-consolidated Earnings Forecasts of FY2017 1Q

(Millions of yen)

	Three month ending June 30, 2017	YoY (%)
Net sales	33,500	22.7
Operating income	8,500	58.8
Ordinary income	11,600	108.6
Net income	9,200	115.0
Net income per share (yen)	256.65	-

5. Consolidated quarterly balance sheets

	(Millions of yen)	
	As of 31-Mar-16	As of 31-Dec-16
Assets		
Current assets		
Cash and deposits	67,188	82,091
Notes and accounts receivable - trade	33,465	30,274
Merchandise and finished goods	7,982	7,207
Work in process	10,366	10,308
Raw materials and supplies	12,343	12,247
Other	7,194	6,215
Allowance for doubtful accounts	(208)	(93)
Total current assets	<u>138,333</u>	<u>148,250</u>
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	37,378	35,599
Land	13,815	13,807
Other, net	13,640	12,286
Total property, plant and equipment	<u>64,834</u>	<u>61,693</u>
Intangible assets	509	620
Investments and other assets		
Other	4,323	4,507
Allowance for doubtful accounts	(47)	(50)
Total investments and other assets	<u>4,276</u>	<u>4,457</u>
Total non-current assets	<u>69,619</u>	<u>66,771</u>
Total assets	<u>207,953</u>	<u>215,022</u>

	(Millions of yen)	
	As of 31-Mar-16	As of 31-Dec-16
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,602	4,510
Electronically recorded obligations - operating	8,692	14,009
Current portion of long-term loans payable	1,676	8,655
Income taxes payable	4,272	1,444
Provision for bonuses	4,190	3,698
Other provision	881	831
Other	5,930	7,993
Total current liabilities	<u>30,246</u>	<u>41,143</u>
Non-current liabilities		
Long-term loans payable	8,583	465
Provision for directors' retirement benefits	13	13
Other	1,075	638
Total non-current liabilities	<u>9,671</u>	<u>1,117</u>
Total liabilities	<u>39,917</u>	<u>42,260</u>
Net assets		
Shareholders' equity		
Capital stock	20,063	20,299
Capital surplus	22,051	22,287
Retained earnings	123,245	127,518
Treasury shares	(15)	(17)
Total shareholders' equity	<u>165,344</u>	<u>170,088</u>
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	14	51
Foreign currency translation adjustment	1,847	1,731
Remeasurements of defined benefit plans	16	4
Total accumulated other comprehensive income	<u>1,878</u>	<u>1,787</u>
Subscription rights to shares	755	808
Non-controlling interests	56	76
Total net assets	<u>168,035</u>	<u>172,761</u>
Total liabilities and net assets	<u>207,953</u>	<u>215,022</u>

6. Consolidated quarterly statements of (comprehensive) income

	(Millions of yen)	
	FY2015 1-3Q	FY2016 1-3Q
Net sales	94,292	95,437
Cost of sales	40,006	43,027
Gross profit	54,286	52,409
Selling, general and administrative expenses	30,416	31,409
Operating income	23,869	21,000
Non-operating income		
Interest income	46	36
Share of profit of entities accounted for using equity	28	80
Rent income	69	63
Subsidy income	60	77
Other	110	129
Total non-operating income	316	387
Non-operating expenses		
Interest expenses	39	32
Sales discounts	39	34
Foreign exchange losses	68	406
Depreciation	45	40
Other	35	7
Total non-operating expenses	228	521
Ordinary income	23,956	20,866
Extraordinary income		
Gain on sales of non-current assets	5	4
Gain on reversal of subscription rights to shares	22	1
Insurance income	119	-
Total extraordinary income	146	5
Extraordinary losses		
Loss on sales and retirement of non-current assets	54	83
Impairment loss	56	387
Special retirement expenses	21	16
Loss on disaster	-	90
Demolition cost	-	136
Provision of reserve for demolition cost	69	-
Total extraordinary losses	202	714
Profit before income taxes	23,901	20,157
Income taxes - current	6,997	4,600
Income taxes - deferred	441	58
Total income taxes	7,439	4,658
Profit	16,462	15,499
Profit attributable to		
Profit attributable to owners of parent	16,459	15,474
Profit attributable to non-controlling interests	2	24
Other comprehensive income		
Foreign currency translation adjustment	(235)	85
Remeasurements of defined benefit plans, net of tax	50	(11)
Share of other comprehensive income of entities accounted for using equity method	(162)	(169)
Total other comprehensive income	(347)	(95)
Comprehensive income	16,114	15,403
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	16,116	15,383
Comprehensive income attributable to non-controlling interests	(1)	20