



November 6, 2017

## Consolidated Financial Results for the Second Quarter of Fiscal Year 2017

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

- Notes:
1. The accompanying financial statements have been prepared in accordance with accounting principles and practices generally accepted in Japan.
  2. Amounts are rounded down to the nearest million yen.

### 1. Consolidated Results of FY2017 2Q(April 1, 2017 through September 30, 2017)

#### 1) Operating results (Accumulated) (Millions of yen)

	Six months ended		
	September 30, 2016	September 30, 2017	YoY(%)
Net sales	65,238	86,529	32.6
Operating income	14,892	28,899	94.1
Ordinary income	15,605	28,600	83.3
Net income	11,863	20,143	69.8
Net income per share (yen)	331.50	561.58	-

#### 2) Financial position (Millions of yen)

	As of March 31, 2017	As of September 30, 2017
Total assets	225,748	236,093
Net assets	181,318	192,721
Equity ratio (%)	79.9%	81.2%

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

191,677 million yen (as of September 30, 2017)  
 180,383 million yen (as of March 31, 2017)

### 2. Dividends

	Fiscal Year 2016	Fiscal Year 2017 Actual	Fiscal Year 2017 Forecast
1Q-end dividend per share (yen)	—	—	
2Q-end dividend per share (yen)	83.00	141.00	
3Q-end dividend per share (yen)	—		—
Year-end dividend per share (yen)	291.00		157.00
Annual dividend per share (yen)	374.00		298.00

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

**3. Earnings Forecasts of FY2017**

(Millions of yen)

	Nine month ending December 31,2017	YoY (%)	Year ending March 31,2018	YoY (%)
Net sales	122,000	27.8	158,300	18.0
Operating income	36,600	74.3	45,600	45.5
Ordinary income	36,500	74.9	45,900	44.7
Net income	25,600	65.4	32,700	35.1
Net income per share (yen)	713.60	—	911.51	—

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

**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 along with changes in accounting standards: Yes
  2. Other changes: None
- 3) Number of shares outstanding (common stock)
  - ① Number of shares issued (include treasury stocks)

As of September 30, 2017:	35,879,271 shares
As of March 31, 2017:	35,870,471 shares
  - ② Number of shares of treasury stock

As of September 30, 2017:	4,673 shares
As of March 31, 2017:	4,523 shares
  - ③ Average number of shares

As of September 30, 2017:	35,869,230 shares
As of September 30, 2016:	35,786,716 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 FY2017**

(Millions of yen)

	Nine month ending December 31,2017	YoY (%)	Year ending March 31,2018	YoY (%)
Net sales	103,700	29.0	135,200	19.3
Operating income	27,700	94.8	35,000	61.0
Ordinary income	29,600	87.8	37,300	53.6
Net income	21,200	75.8	27,400	41.5
Net income per share (yen)	590.95	-	763.77	-

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

**5. Consolidated quarterly balance sheets**

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
<b>Assets</b>		
Current assets		
Cash and deposits	77,718	81,640
Notes and accounts receivable - trade	38,895	44,670
Merchandise and finished goods	6,832	6,702
Work in process	10,394	9,934
Raw materials and supplies	13,108	13,996
Other	7,761	6,195
Allowance for doubtful accounts	(71)	(74)
Total current assets	154,639	163,065
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	35,113	34,379
Other, net	31,109	32,197
Total property, plant and equipment	66,223	66,576
Intangible assets	588	539
Investments and other assets		
Other	4,326	5,937
Allowance for doubtful accounts	(30)	(24)
Total investments and other assets	4,296	5,912
Total non-current assets	71,108	73,028
Total assets	225,748	236,093

(Millions of yen)

	As of March 31, 2017	As of September 30, 2017
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	5,897	4,565
Electronically recorded obligations - operating	11,931	15,900
Current portion of long-term loans payable	8,989	112
Income taxes payable	3,323	8,313
Provision for bonuses	5,300	5,715
Other provision	883	1,030
Other	7,395	7,004
Total current liabilities	43,722	42,642
Non-current liabilities		
Provision for directors' retirement benefits	14	14
Other	693	715
Total non-current liabilities	707	729
<b>Total liabilities</b>	<b>44,430</b>	<b>43,372</b>
<b>Net assets</b>		
Shareholders' equity		
Capital stock	20,374	20,402
Capital surplus	22,362	22,389
Retained earnings	136,247	145,953
Treasury shares	(18)	(21)
Total shareholders' equity	178,965	188,724
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	40	652
Foreign currency translation adjustment	1,388	2,308
Remeasurements of defined benefit plans	(10)	(8)
Total accumulated other comprehensive income	1,418	2,952
Subscription rights to shares	840	924
Non-controlling interests	93	119
<b>Total net assets</b>	<b>181,318</b>	<b>192,721</b>
<b>Total liabilities and net assets</b>	<b>225,748</b>	<b>236,093</b>

6. Consolidated quarterly statements of (comprehensive) income	(Millions of yen)	
	Six months ended 30-Sep-16	Six months ended 30-Sep-17
Net sales	65,238	86,529
Cost of sales	29,949	35,147
Gross profit	35,288	51,381
Selling, general and administrative expenses	20,396	22,481
Operating profit	14,892	28,899
Non-operating income		
Interest income	25	25
Share of profit of entities accounted for using equity method	11	118
Foreign exchange gains	563	-
Rent income	43	36
Subsidy income	55	10
Other	107	75
Total non-operating income	807	266
Non-operating expenses		
Interest expenses	22	20
Sales discounts	24	35
Foreign exchange losses	-	475
Depreciation	26	24
Provision of allowance for doubtful accounts	18	-
Other	3	9
Total non-operating expenses	95	565
Ordinary profit	15,605	28,600
Extraordinary income		
Gain on sales of non-current assets	2	12
Insurance income	-	76
Total extraordinary income	2	88
Extraordinary losses		
Loss on sales and retirement of non-current assets	25	67
Impairment loss	387	-
Loss on sales of investment securities	-	1
Loss on valuation of investment securities	-	0
Special retirement expenses	15	57
Loss on disaster	90	-
Total extraordinary losses	519	126
Profit before income taxes	15,088	28,563
Income taxes - current	3,630	8,468
Income taxes - deferred	(416)	(74)
Total income taxes	3,213	8,393
Profit	11,875	20,169
Profit attributable to		
Profit attributable to owners of parent	11,863	20,143
Profit attributable to non-controlling interests	11	25
Other comprehensive income		
Foreign currency translation adjustment	(2,358)	896
Remeasurements of defined benefit plans, net of tax	(7)	2
Share of other comprehensive income of entities accounted for using equity method	(236)	635
Total other comprehensive income	(2,603)	1,534
Comprehensive income	9,271	21,704
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	9,268	21,678
Comprehensive income attributable to non-controlling interests	3	25

**7. Consolidated statements of cash flows**

(Millions of yen)

	Six months ended 30-Sep-16	Six months ended 30-Sep-17
<b>Cash flows from operating activities</b>		
Profit before income taxes	15,088	28,563
Depreciation	2,970	2,851
Impairment loss	387	-
Loss (gain) on sales of investment securities	-	1
Loss (gain) on valuation of investment securities	-	0
Share of (profit) loss of entities accounted for using equity	(11)	(118)
Increase (decrease) in allowance for doubtful accounts	(81)	(6)
Increase (decrease) in provision for bonuses	121	401
Loss (gain) on sales and retirement of property, plant and	22	55
Subsidy income	(55)	(10)
Insurance income	-	(76)
Interest and dividend income	(25)	(25)
Interest expenses	22	20
Decrease (increase) in notes and accounts receivable - trade	(483)	(5,137)
Decrease (increase) in inventories	3,795	55
Increase (decrease) in notes and accounts payable - trade	789	2,631
Other, net	1,971	1,075
<b>Subtotal</b>	<b>24,512</b>	<b>30,281</b>
Interest and dividend income received	11	26
Interest expenses paid	(19)	(21)
Income taxes (paid) refund	(4,181)	(3,342)
Proceeds from subsidy income	55	10
Proceeds from insurance income	-	76
<b>Net cash provided by (used in) operating activities</b>	<b>20,379</b>	<b>27,031</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(2,907)	(3,388)
Proceeds from sales of property, plant and equipment	32	16
Purchase of intangible assets	(234)	(44)
Purchase of investment securities	0	-
Proceeds from sales of investment securities	-	3
Net decrease (increase) in short-term loans receivable	32	0
Payments of long-term loans receivable	(100)	(679)
Collection of long-term loans receivable	4	4
Other, net	(7)	(55)
<b>Net cash provided by (used in) investing activities</b>	<b>(3,179)</b>	<b>(4,142)</b>
<b>Cash flows from financing activities</b>		
Repayments of long-term loans payable	(818)	(8,877)
Proceeds from issuance of common shares	37	42
Purchase of treasury shares	0	(2)
Cash dividends paid	(8,226)	(10,433)
<b>Net cash provided by (used in) financing activities</b>	<b>(9,007)</b>	<b>(19,271)</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>(810)</b>	<b>302</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>7,381</b>	<b>3,919</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>57,162</b>	<b>71,690</b>
<b>Cash and cash equivalents at end of period</b>	<b>64,543</b>	<b>75,610</b>