



November 7, 2016

Consolidated Financial Results for the Second 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

- 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 FY2016 2Q(April 1, 2016 through September 30, 2016)

1) Operating results (Accumulated)

	Six months ended		
	September 30, 2015	September 30, 2016	YoY(%)
Net sales	66,600	65,238	(2.0)
Operating income	17,748	14,892	(16.1)
Ordinary income	17,818	15,605	(12.4)
Net income	12,056	11,863	(1.6)
Net income per share (yen)	337.51	331.50	-

2) Financial position

	As of March 31, 2016	As of September 30, 2016
Total assets	207,953	206,285
Net assets	168,035	169,199
Equity ratio (%)	80.4%	81.6%

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

168,308 million yen (as of September 30, 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		213.00
Annual dividend per share (yen)	315.00		296.00

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

3. Earnings Forecasts of FY2016

(Millions of yen)

	Nine month ending December 31,2016	YoY (%)	Year ending March 31,2017	YoY (%)
Net sales	95,500	1.3	123,000	(3.8)
Operating income	20,600	(13.7)	25,400	(16.3)
Ordinary income	21,400	(10.7)	26,400	(14.0)
Net income	16,100	(2.2)	20,100	(13.0)
Net income per share (yen)	449.82	—	561.57	—

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, 2016:	35,796,571 shares
As of March 31, 2016:	35,789,271 shares
 - ② Number of shares of treasury stock

As of September 30, 2016:	4,323 shares
As of March 31, 2016:	4,273 shares
 - ③ Average number of shares

As of September 30, 2016:	35,786,716 shares
As of September 30, 2015:	35,720,531 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)

	Nine month ending December 31,2016	YoY (%)	Year ending March 31,2017	YoY (%)
Net sales	81,400	1.1	104,300	(4.4)
Operating income	14,200	(26.1)	17,200	(29.1)
Ordinary income	15,700	(29.5)	19,700	(28.0)
Net income	12,100	(25.1)	15,400	(26.5)
Net income per share (yen)	338.06	-	430.26	-

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

Consolidated quarterly balance sheets

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
Assets		
Current assets		
Cash and deposits	67,188	74,567
Notes and accounts receivable - trade	33,465	32,107
Merchandise and finished goods	7,982	7,324
Work in process	10,366	7,696
Raw materials and supplies	12,343	12,104
Other	7,194	5,735
Allowance for doubtful accounts	(208)	(102)
Total current assets	138,333	139,433
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	37,378	35,607
Land	13,815	13,770
Other, net	13,640	12,462
Total property, plant and equipment	64,834	61,840
Intangible assets	509	647
Investments and other assets		
Other	4,323	4,412
Allowance for doubtful accounts	(47)	(48)
Total investments and other assets	4,276	4,363
Total non-current assets	69,619	66,851
Total assets	207,953	206,285

(Millions of yen)

	As of March 31, 2016	As of September 30, 2016
Liabilities		
Current liabilities		
Notes and accounts payable - trade	4,602	4,241
Electronically recorded obligations - operating	8,692	9,787
Current portion of long-term loans payable	1,676	8,810
Income taxes payable	4,272	3,641
Provision for bonuses	4,190	4,253
Other provision	881	708
Other	5,930	4,491
Total current liabilities	30,246	35,934
Non-current liabilities		
Long-term loans payable	8,583	539
Provision for directors' retirement benefits	13	13
Other	1,075	597
Total non-current liabilities	9,671	1,151
Total liabilities	39,917	37,086
Net assets		
Shareholders' equity		
Capital stock	20,063	20,087
Capital surplus	22,051	22,075
Retained earnings	123,245	126,878
Treasury shares	(15)	(15)
Total shareholders' equity	165,344	169,025
Accumulated other comprehensive income		
Valuation difference on available-for-sale	14	19
Foreign currency translation adjustment	1,847	(745)
Remeasurements of defined benefit plans	16	8
Total accumulated other comprehensive income	1,878	(716)
Subscription rights to shares	755	830
Non-controlling interests	56	60
Total net assets	168,035	169,199
Total liabilities and net assets	207,953	206,285

Consolidated quarterly statements of (comprehensive) income

(Millions of yen)

	Six months ended 30-Sep-15	Six months ended 30-Sep-16
Net sales	66,600	65,238
Cost of sales	28,285	29,949
Gross profit	38,314	35,288
Selling, general and administrative expenses	20,566	20,396
Operating income	17,748	14,892
Non-operating income		
Interest income	35	25
Share of profit of entities accounted for using equity	2	11
Foreign exchange gains	11	563
Rent income	37	43
Subsidy income	0	55
Other	64	107
Total non-operating income	152	807
Non-operating expenses		
Interest expenses	26	22
Sales discounts	22	24
Depreciation	30	26
Provision of allowance for doubtful accounts	-	18
Other	2	3
Total non-operating expenses	81	95
Ordinary income	17,818	15,605
Extraordinary income		
Gain on sales of non-current assets	4	2
Total extraordinary income	4	2
Extraordinary losses		
Loss on sales and retirement of non-current assets	37	25
Impairment loss	56	387
Special retirement expenses	17	15
Provision of reserve for demolition cost	69	-
Loss on disaster	-	90
Total extraordinary losses	181	519
Profit before income taxes	17,642	15,088
Income taxes - current	5,739	3,630
Income taxes - deferred	(158)	(416)
Total income taxes	5,580	3,213
Profit	12,061	11,875
Profit attributable to		
Profit attributable to owners of parent	12,056	11,863
Profit attributable to non-controlling interests	5	11
Other comprehensive income		
Foreign currency translation adjustment	(36)	(2,358)
Remeasurements of defined benefit plans, net of tax	33	(7)
Share of other comprehensive income of entities accounted for using equity method	(4)	(236)
Total other comprehensive income	(7)	(2,603)
Comprehensive income	12,054	9,271
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	12,050	9,268
Comprehensive income attributable to non-controlling interests	3	3

Consolidated statements of cash flows

(Millions of yen)

	Six months ended 30-Sep-15	Six months ended 30-Sep-16
Cash flows from operating activities		
Profit before income taxes	17,642	15,088
Depreciation	3,115	2,970
Impairment loss	56	387
Share of (profit) loss of entities accounted for using equity method	(2)	(11)
Increase (decrease) in allowance for doubtful	(24)	(81)
Increase (decrease) in provision for bonuses	259	121
Loss (gain) on sales and retirement of property, plant and equipment	33	22
Subsidy income	(0)	(55)
Interest and dividend income	(35)	(25)
Interest expenses	26	22
Decrease (increase) in notes and accounts receivable - trade	(2,736)	(483)
Decrease (increase) in inventories	(63)	3,795
Increase (decrease) in notes and accounts payable -	(4,916)	789
Other, net	1,874	1,971
Subtotal	15,229	24,512
Interest and dividend income received	33	11
Interest expenses paid	(23)	(19)
Income taxes (paid) refund	(5,083)	(4,181)
Proceeds from subsidy income	0	55
Net cash provided by (used in) operating activities	10,156	20,379
Cash flows from investing activities		
Purchase of property, plant and equipment	(4,580)	(2,907)
Proceeds from sales of property, plant and equipment	7	32
Purchase of intangible assets	(18)	(234)
Purchase of investment securities	(20)	(0)
Net decrease (increase) in short-term loans	(38)	32
Payments of long-term loans receivable	-	(100)
Collection of long-term loans receivable	5	4
Proceeds from withdrawal of time deposits	1,200	-
Other, net	(12)	(7)
Net cash provided by (used in) investing activities	(3,458)	(3,179)
Cash flows from financing activities		
Repayments of long-term loans payable	(613)	(818)
Proceeds from issuance of common shares	215	37
Purchase of treasury shares	(2)	(0)
Cash dividends paid	(3,140)	(8,226)
Net cash provided by (used in) financing activities	(3,540)	(9,007)
Effect of exchange rate change on cash and cash	61	(810)
Net increase (decrease) in cash and cash equivalents	3,218	7,381
Cash and cash equivalents at beginning of period	42,177	57,162
Cash and cash equivalents at end of period	45,396	64,543