



October 30, 2018

## Consolidated Financial Results for the Second Quarter of Fiscal Year 2018

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 FY2018 2Q(April 1, 2018 through September 30, 2018)

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

	Six months ended		
	September 30, 2017	September 30, 2018	YoY(%)
Net sales	86,529	80,306	(7.2)
Operating income	28,899	23,181	(19.8)
Ordinary income	28,600	22,804	(20.3)
Net income	20,143	16,363	(18.8)
Net income per share (yen)	561.58	455.50	-

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

	As of March 31, 2018	As of September 30, 2018
Total assets	256,347	257,747
Net assets	205,264	212,639
Equity ratio (%)	79.7%	82.1%

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

211,503 million yen (as of September 30, 2018)  
 204,254 million yen (as of March 31, 2018)

### 2. Dividends

	Fiscal Year 2017	Fiscal Year 2018 Actual	Fiscal Year 2018 Forecast
1Q-end dividend per share (yen)	—	—	—
2Q-end dividend per share (yen)	141.00	114.00	—
3Q-end dividend per share (yen)	—	—	—
Year-end dividend per share (yen)	248.00	—	—
Annual dividend per share (yen)	389.00	—	—

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

**3. Earnings Forecasts of FY2018 3Q**

	(Millions of yen)	
	Nine month ending December 31, 2018	YoY (%)
Net sales	115,600	(9.0)
Operating income	31,400	(21.9)
Ordinary income	31,400	(20.9)
Net income	22,300	(18.6)
Net income per share (yen)	620.75	—

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: None
  2. Other changes: None
- 3) Number of shares outstanding (common stock)
  - ① Number of shares issued (include treasury stocks)
 

As of September 30, 2018:	35,928,971 shares
As of March 31, 2018:	35,927,471 shares
  - ② Number of shares of treasury stock
 

As of September 30, 2018:	4,823 shares
As of March 31, 2018:	4,823 shares
  - ③ Average number of shares
 

As of September 30, 2018:	35,923,207 shares
As of September 30, 2017:	35,869,230 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 FY2018**

	(Millions of yen)	
	Nine month ending December 31, 2018	YoY (%)
Net sales	98,400	(8.4)
Operating income	24,000	(20.7)
Ordinary income	36,600	14.2
Net income	28,800	28.9
Net income per share (yen)	801.69	-

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

**5. Consolidated quarterly balance sheets**

(Millions of yen)

	As of March 31, 2018	As of September 30, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	91,574	90,643
Notes and accounts receivable - trade	43,647	45,398
Merchandise and finished goods	7,093	7,354
Work in process	9,656	9,908
Raw materials and supplies	16,943	19,493
Other	5,809	3,179
Allowance for doubtful accounts	(52)	(51)
Total current assets	174,673	175,926
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	33,129	32,450
Other, net	36,135	37,838
Total property, plant and equipment	69,264	70,288
Intangible assets	511	486
Investments and other assets		
Other	11,921	11,069
Allowance for doubtful accounts	(23)	(24)
Total investments and other assets	11,897	11,045
Total non-current assets	81,673	81,821
Total assets	256,347	257,747
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable - trade	6,286	3,608
Electronically recorded obligations - operating	14,230	16,819
Income taxes payable	10,209	5,800
Provision for bonuses	8,651	7,651
Other provision	646	821
Other	10,280	9,593
Total current liabilities	50,306	44,295
Non-current liabilities	776	812
Total liabilities	51,082	45,107
<b>Net assets</b>		
Shareholders' equity		
Capital stock	20,651	20,656
Capital surplus	22,639	22,644
Retained earnings	157,919	165,373
Treasury shares	(25)	(25)
Total shareholders' equity	201,184	208,649
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	1,498	735
Foreign currency translation adjustment	1,619	2,157
Remeasurements of defined benefit plans	(47)	(38)
Total accumulated other comprehensive income	3,070	2,854
Share acquisition rights	899	992
Non-controlling interests	110	143
Total net assets	205,264	212,639
Total liabilities and net assets	256,347	257,747

**6.Consolidated quarterly statements of (comprehensive) income**

(Millions of yen)

	Six months ended 30-Sep-17	Six months ended 30-Sep-18
Net sales	86,529	80,306
Cost of sales	35,147	33,290
Gross profit	51,381	47,016
Selling, general and administrative expenses	22,481	23,834
Operating profit	28,899	23,181
Non-operating income		
Interest income	25	48
Share of profit of entities accounted for using equity method	118	194
Rent income	36	33
Subsidy income	10	12
Other	75	108
Total non-operating income	266	396
Non-operating expenses		
Interest expenses	20	1
Sales discounts	35	27
Foreign exchange losses	475	732
Depreciation	24	5
Other	9	7
Total non-operating expenses	565	774
Ordinary profit	28,600	22,804
Extraordinary income		
Gain on sales of non-current assets	12	16
Gain on reversal of share acquisition rights	-	0
Insurance income	76	-
Total extraordinary income	88	17
Extraordinary losses		
Loss on sales and retirement of non-current assets	67	12
Loss on sales of investment securities	1	-
Loss on valuation of investment securities	0	0
Special retirement expenses	57	76
Loss on disaster	-	227
Total extraordinary losses	126	317
Profit before income taxes	28,563	22,504
Income taxes - current	8,468	6,140
Income taxes - deferred	(74)	(28)
Total income taxes	8,393	6,111
Profit	20,169	16,392
Profit attributable to		
Profit attributable to owners of parent	20,143	16,363
Profit attributable to non-controlling interests	25	29
Other comprehensive income		
Foreign currency translation adjustment	896	695
Remeasurements of defined benefit plans, net of tax	2	8
Share of other comprehensive income of entities accounted for using equity method	635	(917)
Total other comprehensive income	1,534	(212)
Comprehensive income	21,704	16,180
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	21,678	16,147
Comprehensive income attributable to non-controlling interests	25	32

**7.Consolidated statements of cash flows**

(Millions of yen)

	Six months ended 30-Sep-17	Six months ended 30-Sep-18
<b>Cash flows from operating activities</b>		
Profit before income taxes	28,563	22,504
Depreciation	2,851	2,803
Loss (gain) on sales of investment securities	1	-
Loss (gain) on valuation of investment securities	0	0
Share of loss (profit) of entities accounted for using equity method	(118)	(194)
Increase (decrease) in allowance for doubtful accounts	(6)	(1)
Increase (decrease) in provision for bonuses	401	(1,035)
Loss (gain) on sales and retirement of property, plant and equipment	55	(3)
Subsidy income	(10)	(12)
Insurance income	(76)	-
Interest and dividend income	(25)	(48)
Interest expenses	20	1
Loss on disaster	-	227
Decrease (increase) in notes and accounts receivable - trade	(5,137)	(1,323)
Decrease (increase) in inventories	55	(2,563)
Increase (decrease) in notes and accounts payable - trade	2,631	(402)
Other, net	1,075	937
<b>Subtotal</b>	<b>30,281</b>	<b>20,889</b>
Proceeds from subsidy income	10	712
Proceeds from insurance income	76	-
Interest and dividend income received	26	43
Interest expenses paid	(21)	(1)
Payments for loss on disaster	-	(103)
Income taxes (paid) refund	(3,342)	(10,139)
<b>Net cash provided by (used in) operating activities</b>	<b>27,031</b>	<b>11,401</b>
<b>Cash flows from investing activities</b>		
Purchase of property, plant and equipment	(3,388)	(3,782)
Proceeds from sales of property, plant and equipment	16	25
Purchase of intangible assets	(44)	(73)
Proceeds from sales of investment securities	3	-
Net decrease (increase) in short-term loans receivable	0	-
Payments of long-term loans receivable	(679)	(38)
Collection of long-term loans receivable	4	4
Other, net	(55)	245
<b>Net cash provided by (used in) investing activities</b>	<b>(4,142)</b>	<b>(3,617)</b>
<b>Cash flows from financing activities</b>		
Repayments of long-term loans payable	(8,877)	-
Proceeds from issuance of common shares	42	7
Purchase of treasury shares	(2)	-
Cash dividends paid	(10,433)	(8,905)
<b>Net cash provided by (used in) financing activities</b>	<b>(19,271)</b>	<b>(8,898)</b>
<b>Effect of exchange rate change on cash and cash equivalents</b>	<b>302</b>	<b>181</b>
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>3,919</b>	<b>(931)</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>71,690</b>	<b>85,545</b>
<b>Cash and cash equivalents at end of period</b>	<b>75,610</b>	<b>84,613</b>